



Michigan proposes crackdown on charity poker as games explode into 'a racket'

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Jeff Mabry deals cards during a charity gaming poker match at Big Beaver Tavern in Troy on Thursday. / Brian Kaufman/Detroit Free Press



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LANSING — Players hoping to pony up to a poker table might be looking at a bust if proposed rules that would limit the venues for charitable gaming and increase oversight requirements are imposed by the state in the coming months.

And many of the charities that benefit from those poker tables fear the new rules will put them — and the work they do — out of business.

"Early on, we recognized that there were forces at work that would like to see us disappear," said Joe Potvin, whose VFW post holds charity poker games at Tripper's, a bar and restaurant in Lansing. "We go in there; we work hard, long hours; and we try to make as much money for our charity as

we can."

But the new rules are the result of too much of a good thing, say state officials.

"Charitable poker began as a good cause, evolved into a highly lucrative business and has devolved into a racket," David Murley, legal counsel to Gov. Rick Snyder, said during a hearing today on the proposed changes to rules governing charity poker.

Since June, 60 charities have had their licenses suspended at least temporarily by the Michigan Gaming Control Board for a variety of infractions, such as going over the \$15,000 revenue ceiling, or allowing the operators to alter or remotely manipulate the books.

Indeed, charity poker has become a big business in the last 10 years; it grew from \$7.9 million in revenue in 2004 to \$197 million in revenue in 2011. The jump happened when

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Charity gaming at Big Beaver Tavern in Troy, Mich. on Thursday, Oct. 31, 2013. / Brian Kaufman/Detroit Free Press



Players try their luck at the charity poker game at Big Beaver Tavern. / Brian Kaufman/Detroit Free Press



Kalm said, 'There should be some additional scrutiny.' / Greg DeRuiter/Lansing State Journal

the state lottery authorized poker and other casino-type games like black jack and roulette at charity fund-raisers. The growing popularity of Texas Hold 'Em poker games fueled the increase.

In Wayne, Oakland and Macomb counties, 539 charitable poker games, also known as "Millionaire Parties," are scheduled in November.

And instead of charity games being held in VFW halls or school gymnasiums, many of the poker games moved to back rooms at bars and businesses set up specifically for poker games, with the establishment generally getting 50% of the profit and the charities getting 50% of the take.

"It got so out of control, that the lottery put a moratorium on new locations in 2009," said Don McGee of the Michigan Attorney General's Office.

After 16 businesses were shut down for violations and illegal gambling, 42 locations operate across the state now, many in southeast Michigan. They run casino-like games for charities in their establishments and many operate 365 days a year, until last call at 2 a.m.

The way it works now, charities are licensed by the state and allowed to get involved in gambling for charitable purposes. The bars and poker halls opened up and offered a spot for the charity games. There often are several charities running games on a single

night at a one site.

It has given the charities and the venues a growing source of revenue.

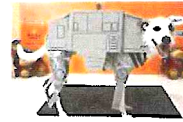
Ronald Pioch, of the Kiwanis Club in Lansing, ticked off a dozen charities — from homeless shelters and food banks, to hospice care and emergency pregnancy centers — that got \$500 each last year as a result of the money his group raised at charity poker games at Tripper's, a bar and restaurant in Lansing.

"We're giving money out throughout the year," he said.

The Michigan Lottery handled rules and enforcement for the charity poker games, but it had become such a big business that Gov. Rick Snyder moved oversight and enforcement of them to the Michigan Gaming Control Board in 2012. It had the experience from regulating the state's three Detroit casinos and the 23 tribal casinos.



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The Gaming Control Board started issuing rules to crack down on the alleged fraud and abuse that they saw happening at the charity games, including charities actually losing money on black jack games, going over the maximum amount of chips allowed to be sold each night, and the charities not even being present to monitor the games when their poker nights were scheduled.

The board stopped allowing players to tip dealers with chips because that presented the possibility of dealers working with players to rig games. They also instituted a rule this week that would prohibit the chairperson of one charity from being the head of other charities as well.

But the rules that Rick Kalm, executive director of the gaming control board, told a legislative committee about Thursday had a couple of hundred people — most representing charities — hurling boos and taunts at the officials.

The board would like to restrict gaming rooms to one charity per night, allow them to operate only 120 days a year and require charities to have at least five people at each of their gaming nights. Each charity is allowed to hold up to 16 game nights a year.

Those rules would put many rooms and charities out of business, said state Rep. Jeff Irwin, D-Ann Arbor.

"There should be some additional scrutiny and some additional regulatory oomph to make sure the rules are being followed," he said. "But they are putting out rules that will make it impossible for these operations to continue."

And instead of a 50/50 split between the establishment and the charity, Kalm said in an interview with the Free Press before today's hearing, that he wants a rule that would require the charity to pay rent and reasonable expenses to the establishment and take more control over their own games.

The result should be more proceeds for the charities and less likelihood of cheating and fraud.

"It's your license, own it," he said. "Charities need to be responsible for the games."

But many charities are happy with the way things are.

"The way we operate now, the charity works with a group of professionals. I only do this 16 days a year who's better at finding cheating at a table, me or them?" Pioch said. "And as for the profits, so what, they provide a valuable service to these charities. Is that wrong that they get the profits?"

Jane McCampbell, of the Clinton County Arts Council, which holds a charity poker game at Trippers, noted that some of the profits made by establishments go toward paying the wages of workers at the gaming rooms.

"The people working it are right on top of it. It is well done, they deserve to earn some money," she said.

The hearing before the Joint Committee on Administrative Rules was meant to inform lawmakers about the impending rule changes. The gaming control board will hold public hearings about the rules sometime in November before they are imposed on the charities and the establishments.

The matter will come back before the administrative rules committee later this year or early next year, but the Legislature is limited in what it can do to stop or beef up the new rules. The Legislature will be able to slow down the implementation of the rules or pass a law that prohibits the new rules from going into effect.

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