



Rick Snyder
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

Richard S. Kalm
EXECUTIVE DIRECTOR

EMERGENCY ORDER OF SUMMARY SUSPENSION

Under Executive Order 2012-4, the Executive Director of the Michigan Gaming Control Board was transferred all authority, powers, duties, functions, records, and property of the Lottery Commissioner, and Bureau of State Lottery, related to the licensing and regulation of millionaire parties under the Bingo Act and its promulgated rules. MCL 432.101 *et seq.*

In conformance with this obligation, the Executive Director has conducted an investigation of charity millionaire parties conducted at the location known as 5 Star Lanes in Sterling Heights, Michigan. Total G Services, LLC, is a licensed millionaire party supplier which provides millionaire party equipment to charities conducting millionaire party gaming events at that location. The investigation revealed material violations of state law, including, but not limited to, the Bingo Act, and rules promulgated thereunder, necessitating an emergency order of summary suspension to protect the welfare and integrity of charitable gaming. MCL 432.116; MCL 24.292(2); and Administrative Rule 432.21111. This order is based on the following investigative facts.

On several occasions, including as recently as November 14, 2013, Michigan Gaming Control Board investigators learned that Fouad Haddad, owner of Total G Services, LLC, and/or his employees or agents are altering game records. The game records are altered to reduce charity chip sales to under the statutory \$15,000 dollar chip limit. After the game records were altered, additional chips were sold and gambling continued. Haddad and/or his employees or agents encouraged the charities to allow players to sell or redeem chips at the gaming tables in order to circumvent the \$15,000 dollar chip limit.

Board investigators learned that on several occasions, including on December 17, 2012, game records were altered by Haddad and/or his employees or agents so that the sale of \$30,000 dollars in chips was reported at no more than \$15,000 dollars. Board investigators also learned that during an event held on November 6, 2013, an employee or agent of Total G Services went into the charity's computer at around 7:30 p.m. and altered cash receipts from approximately \$12,000 dollars to \$9,000 dollars and made the same alterations at approximately 9:30 p.m. These alterations were made because the event had reached or was close to reaching the \$15,000 dollar limit.

In addition, an employee or agent of Total G Services deleted at least \$500 dollars in blackjack seed money from the House Games Chip Log. He has also over-seeded the blackjack tables in an effort to disguise profits.

On another occasion, during an on-site inspection, Haddad distracted the Board investigator while the charity worker deleted sales to get below the \$15,000 dollar limit. The charity worker admitted that such alterations were routine. In fact, the charity worker stated Haddad, or his employees or agents, or the charity—at Haddad’s direction—altered the game records for all of the millionaire party licensed gaming events conducted in 2013, approximately 10 to 12 events.

These acts are part of a long-standing pattern by Haddad and/or his employees or agents. Board investigators learned that Haddad has altered game records so that the figures would not go over the \$15,000 dollar chip limit “at least 30 times” during a five-year period. When questioned about this practice, Haddad stated that the “\$15,000 [dollar] amount was put in place back in the ‘70’s and the state doesn’t enforce that rule because they are planning to change it.”

Haddad also directs charities to “loan” gaming chips to players without having the chip sales recorded on the sales logs or entered into the game records. The amount of chips “loaned” range from several hundred to \$2,000 dollars per night. Haddad also instructed the charities to allow players to buy and sell chips between themselves in order to circumvent the \$15,000 dollar limit.

A charity worker stated Haddad and/or his employees or agents refuse to print the game records for the charity at the end of each night. Instead, the charities receive game records that have been altered by Haddad at the end of the four day event. Further, Haddad and/or his employees or agents are completing charity financial statements and then instructing the charity to sign the statements as drafted and submit them to the Board.

Section 16 of the Bingo Act, MCL 432.116, provides, in part, that a license may be summarily suspended for a period of not more than 60 days when the act and rules have been violated. Section 10(1) of the Bingo Act, MCL 432.110(1), provides that only a member of the qualified organization shall participate in the management of an event. Mich. Admin Code R 432.21409(8) provides that only members of the charity may perform the following management duties:

- a) Counting, distributing, handling, selling, or redeeming chips.
- b) Receiving, handling, or counting cash.
- c) Collecting the house rake.
- d) Paying out cash prizes.
- e) Paying millionaire party workers.
- f) Completing the millionaire party game records and financial statements.

By committing the acts described above Haddad and/or his employees or agents are violating the Bingo Act and its rules.

Therefore I conclude that to advance the public policy of prohibiting all gambling activities not conducted in strict conformance with the expressed legislative exceptions, including the regulatory framework established in the Bingo Act and its rules, it is necessary to summarily suspend the millionaire party supplier license of Total G Services. R 432.21111(1).

Therefore I conclude that Total G Services has engaged in act, practice, or course of conduct that would operate as a fraud or deceit on a person or persons, or has employed a device, scheme, or artifice to defraud a person or persons. R 432.21111(1)(c).

Therefore I conclude that Total G Services has repeatedly violated, or repeatedly failed or refused to comply with, any of the provisions, requirements, limitations, or duties imposed by the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation after having been previously notified by the bureau that a violation or violations of the same or similar provisions had been, or were being, committed by the licensee or lessor. R 432.21111(1)(d).

Therefore I further conclude that it is necessary to immediately suspend the millionaire party supplier license of Total G Services because Haddad and/or his employees or agents have engaged illegal gambling. R 432.21111(1)(f).

Therefore I further conclude that it is necessary to immediately suspend and cease the licensing of millionaire party gaming events supplied by Total G Services to protect or preserve the welfare of the community within which these activities are being conducted, and for the protection or preservation of public policy of the state of Michigan, or any other local, state, or federal law or regulation banning unlawful gaming activity. R 432.21111(1)(g).

For the reasons set forth above, summary suspension of the license issued to _____ is necessary to advance the public policy prohibition against all gambling activities not conducted in strict conformance with expressed legislative exceptions, including the regulatory framework established in the Bingo Act and its Rules.

IT IS SO ORDERED.

/s/

12/19/2013

Richard S. Kalm
Executive Director
Michigan Gaming Control Board

Date