

# Millionaire Party Facts

Updated March 2017



# The Bingo Act: A Brief History

The Bingo Act of 1972 allows charities to conduct licensed bingo, raffles, charitable pull tabs or millionaire parties to raise funds.

## **Millionaire Parties:**

The millionaire party portion of the Bingo Act authorizes charities to run “Vegas Night” fundraisers with casino-style games of chance for charitable purposes.

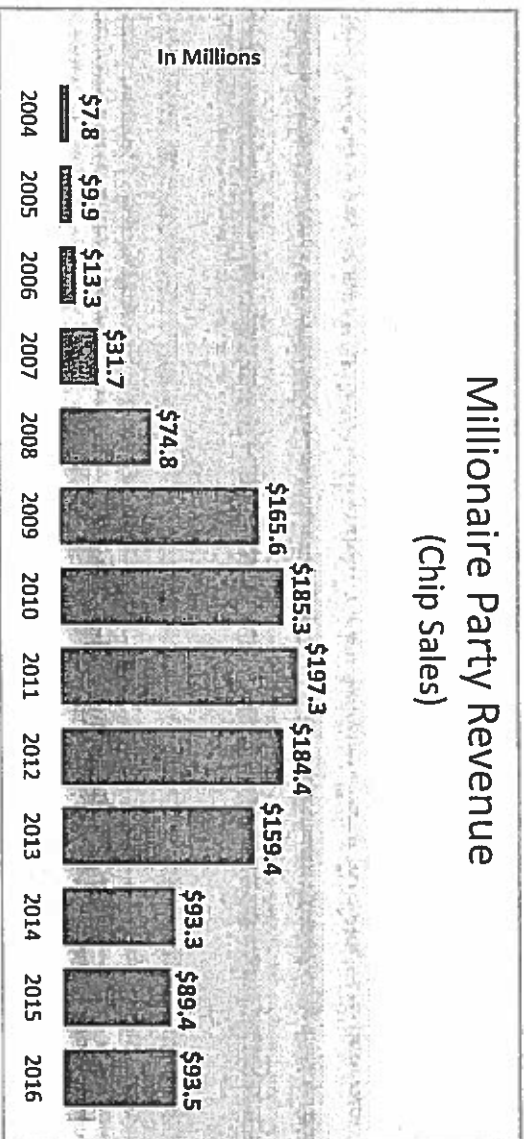
- For the first 30 years, millionaire parties were small-scale events run by the charity and usually held at its own location
- The law did not in any way authorize charity casinos or poker rooms

## **Changes came in the early 2000s:**

- Around 2004, when Texas Hold’em poker became popular, Lottery permitted charity “poker rooms,” which were never authorized by the Legislature
- The unlicensed poker rooms handled events for dozens of charities from around the state, could “run” charity events 365 days a year and operated as de facto casinos
- Charities were no longer involved in direct management of their events, which was contrary to law

# Millionaire Parties: Chip Sales

Millionaire Party Revenue  
(Chip Sales)



Note: Revenues are self-reported by the charities.

## Problems arise

- Millionaire party chip sales went from just under \$8 million in 2004 to nearly \$200 million in 2011
- No oversight, no controls and no tools to control the events
- Numerous legal problems

# **Regulatory Agency Change Brings a Two-Part Solution**

## **Transfer of Oversight**

Gov. Snyder transferred oversight of millionaire parties from Lottery to the MGCB by executive order on April 11, 2012.

## **MGCB's Two-Part Solution**

- Part One: Remove the bad guys
- Part Two: Promulgate administrative rules to bring integrity and accountability to charitable gaming

## **Part One: Remove the Bad Guys**

- Root out corruption and crime
  - Since 2012, gaming has been prohibited at 16 locations operating outside the law
  - Numerous licensed gaming suppliers suspended, revoked or not renewed
  - Since 2013, 33 people involved with millionaire parties have pled guilty to embezzlement, larceny by false pretenses and other crimes
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## **Part Two: Administrative Rules**

- Promulgated administrative rules to bring integrity and accountability to charitable gaming
- Prevent gaming from getting out of hand by limiting the amount of gaming at a location
- Require charities to take a larger role in managing events as the Bingo Act requires
- Stop bars from running and profiting from games (other than rent); instead, require licensed suppliers with background checks for dealers
- Better audits, oversight and accountability in the games
- Ensure the agency can apply the brakes if a situation gets out of control
- Charities may run the games themselves or use a licensed supplier but may not use an unlicensed poker room

## **Enforcement: Positive Outcomes**

### **Changes prevent problems**

- Less crime and fraud
  - Charities managing events better as required by the law
  - Numerous locations hosting events (54 currently approved and more can be approved upon request)
  - More suppliers helping charities (37 currently hold licenses to help charities conduct their events)
  - Conduct and integrity of the games improved
  - Charities receive maximum percentage of fundraising dollars
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# Fundraising Since the Rules

## Licensing Statistics

### **2016:**

- 2,619 millionaire party licenses issued
- 9,608 separate millionaire party event days authorized
- \$93.5 million in chip sales

### **2015:**

- 2,820 millionaire party licenses issued
- 10,146 separate millionaire party event days authorized
- \$89.4 million in chip sales

### **2014:**

- 3,022 millionaire party licenses issued
- 10,508 separate millionaire party event days authorized
- \$93.3 million in chip sales

## Current Status:

Michigan has one of the largest casino-style charitable gaming programs in the United States



# Millionaire Parties: SB 35

## Bill Highlights:

- Allows bars to operate as unlicensed casinos and receive a percentage of charities' gambling profits
- Requires the MGCB to issue gambling licenses to organizations regardless of our budget or ability to regulate the events
- Expands value of chips an organization may sell annually by 33 percent—from \$240,000 to \$320,000
- Allows organizations to sell up to \$80,000 of chips per night at their own location—a massive increase from the current \$15,000 limit
- Repeals all administrative rules designed to bring integrity to millionaire parties and protect charities
- Does not provide any additional criminal or civil penalties or tools to stop illegal conduct
- Will greatly increase the size of charitable casino-style gambling in Michigan, moving it away from a charity-led model to an unregulated “poker room” or permanent casino model
- Will certainly increase crime and fraud

## Constitutionality Issue:

It is highly likely that this legislation violates Article 4, Section 41 of the Constitution, which prohibits laws that authorize any form of gambling from taking effect without a public vote at the state and local level.