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The _____ MICHIGAN GAMING _____ Newsletter



MICHIGAN OFFERS A MODEL JURISDICTIONAL APPROACH TO COMBATING ILLEGAL GAMBLING MACHINES

Earlier this week the American Gaming Association (“AGA”) and the Association of Gaming Equipment Manufacturers (“AGEM”) announced that they are joining forces in a nationwide effort to stop the proliferation of illegal or gray market gambling devices. See [Special Report](#) in the Michigan Gaming Newsletter. As states look to enhance their efforts in this regard, the State of Michigan’s approach can serve as a model of how to effectively accomplish the goal.

Based on information gathered statewide since 2012, the Michigan Gaming Control Board (MGCB) estimates more than 1,000 locations in Michigan have some type of illegal electronic gambling device.

Working with the Michigan Attorney General’s Office and local law enforcement, the Gaming Control Board assists in eliminating these illegal gambling operations around the state. MGCB Executive Director Rick Kalm provided an overview of this effort as follows:

“In total, we have moved to shut down 53 locations statewide over the last several years using civil and criminal penalties and cease and desist letters.”

The results are:

- 96 locations have been investigated to date
- 27 locations were closed via search warrants by the Attorney General’s office or local police
- 41 Cease and Desist letters were served on owners and locations resulting in the closure of another 26 locations

- 45 additional locations closed for unknown reasons or moved locations to different addresses

Enforcement actions include:

- 981 machines seized
- More than \$172,000 in cash forfeited to local law enforcement
- 36 individuals faced 146 charges
 - 105 Felonies
 - 41 Misdemeanors

Currently, nine more locations are being investigated.

Many of the businesses sent cease and desist letters claimed to operate redemption games, which are legal in Michigan. Investigators determined the locations instead were offering casino-style video slot machines based on chance and rather than skill.

Many locations chose to close rather than face potential criminal charges, according to a press release from the Michigan Gaming Control Board. An unlicensed gambling business operator can face a 10-year felony charge.

It is very important to note that as many other businesses saw the enforcement actions that the MGCB and Attorney General were taking, they voluntarily closed on their own. Thus, enforcement efforts serve as a true chilling effect to those that might otherwise operate such machines.

The MGCB offers a guide on internet cafes and cyber cafes on its website, www.michigan.gov/mgcb.

Michigan residents can report [illegal or suspicious gambling activity](#) anonymously by calling (888) 314-2682.

HOUSE REGULATORY REFORM COMMITTEE MEETING ON BILL TO MODIFY DISASSOCIATED PERSONS LIST

On February 18th, the House Regulatory Reform

Committee met to discuss HB 4686, which would modify the disassociated persons law in Michigan for problem gamblers. The bill was sponsored by Rep. Ryan Berman, who noted that under the current law, a person who places himself on the list and then gambles at one of the Detroit casinos can be charged with criminal trespass and face confiscation of his winnings. Current law provides for a lifetime ban with no opportunity to remove oneself from the list. HB 4686 would allow a person to petition the Michigan Gaming Control Board (MGCB) after 5 years to have his name removed from the list. In addition to the 5-year removal provision, the bill would allow casinos to advertise non-gaming services to persons on the list – something that is not currently allowed under the law.

Other states have allowed shorter terms, such as one, two, or five years, in addition to the option of a lifetime ban. Michael Burke, President of the Michigan Association of Problem Gamblers (MAPG), testified that MAPG remains neutral on legal gambling, but is in favor of HB 4686. Mr. Burke noted that a lifetime ban is a deterrent to someone seeking treatment, while a 5-year period may provide motivation for a problem gambler to get help. About 1-2% of the State's residents have problem gambling issues. MAPG seeks to provide better treatment tools for problem gamblers in Michigan, including a push for an initiative that would offer a free 30-day inpatient program.

Dave Murley, Deputy Director of the Indian Gaming and Legal Affairs Division of the MGCB, testified that it is debatable whether criminal provisions work for problem gamblers. He noted that there are about 4,800 persons on the list, and that casinos are not required to ID every person. Mr. Murley questioned how effective the disassociated persons list would be once mobile gaming launches, when a person on the list could stand outside the casino to gamble on his mobile device. He indicated that the MGCB is in favor of the bill.

The Committee did not vote on HB 4686 at this meeting, so it will have to take it up again before

it advances to the House Ways and Means Committee.

portion of profits associated with the Fire Hub Restaurant in Battle Creek.

GUN LAKE TRIBE TO CONTRIBUTE \$20M TOWARD INTERCHANGE RECONSTRUCTION PROJECT WITH MDOT

According to an [article](#) in the Hastings Banner this week, the Match-E-Be-Nash-She-Wish Band of Pottawatomis Indians – also known as the Gun Lake Tribe – has partnered with the Michigan Department of Transportation (MDOT) on proposed reconstruction of the interchange at US 131 and M-179 near Gun Lake Casino in Wayland, Michigan.

A public meeting was held on February 13 to share information about the project and to take comments from the public. The Gun Lake Tribe has committed \$20 million for the reconstruction, which will cover 95 percent of the project cost. The current interchange was originally built in 1959 and has had few improvements since. The new interchange will rebuild the interchange at the Bradley/Hopkins exit as a single-point urban interchange.

Work will begin this fall, but the bulk of the project will take place in 2021.

NOTTAWASEPPI HURON BAND OF THE POTAWATOMI TO PRESENT RECORD PAYMENT OF REVENUE SHARING FUNDS AT EVENT

Leaders of the Nottawaseppi Huron Band of the Potawatomis and FireKeepers Casino Hotel will present checks to the State of Michigan and the FireKeepers Local Revenue Sharing Board (FLRSB) on February 26. This will be the eleventh payment since the opening of FireKeepers Casino Hotel in August 2009, and the fifth consecutive record payment. The event begins at 10 AM in Ballroom D at the FireKeepers Casino Hotel Event Center in Battle Creek. There will be speeches, a photo opportunity, and check presentations to the State of Michigan and FLRSB, as well as a check to the Food Bank of South Michigan, representing a