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House Committee on Regulatory Reform: SB 878

My name is Bill Audette and I am from Lake Orion. Today, I appear as a private citizen concerned about charitable gaming for every non-profit and charitable organization in Michigan. That said, I am also a longtime volunteer/coordinator at a non-profit organization that conducts a large millionaire party as part of one of the largest high school festivals of its kind in the United States, attracting over 200,000 visitors to its 120-acre campus over the 4-day Memorial Day weekend. With regard to charitable gaming, we own 100% of the tables and equipment. Plus, our personnel consist almost entirely of volunteers, including parents, friends and alumni. So, in that sense, our organization is the location, the charity and the supplier.

To date, virtually the entire dialogue surrounding charitable gaming has been focused on poker. Lost in this equation is the fact that literally hundreds of non-profit and charitable organizations throughout Michigan that rely on the "traditional" millionaire party model as a means to raise money will be forced to abandon this worthwhile activity because the business metrics will no longer work. These are groups such as church, fraternal and service organizations, of any size or scale, who will incur new and insurmountable costs as a result of the new rules imposed by the Michigan Gaming Control Board.

More specifically: the new rules require that any person who works as a "dealer", no matter if in a poker room or at a traditional millionaire party, to submit to a criminal background check. For volunteers, those who make up the largest part of the workforce at a "traditional" millionaire party, this proviso will, beyond question, be perceived as both officious and overly intrusive. And, it is not because a volunteer necessarily has anything to hide. Rather, it is that most will rightfully perceive this rule as an annoyance—clearly beyond the scope of kind volunteerism. As a result, most will simply not volunteer in this capacity, which, in turn, will force the charity to hire professional dealers. Now...multiply \$200 per-shift for every professional dealer and subtract that amount from the evening's profit. I've done the math. It doesn't work.

SB 878 addresses the real and unique differences between a professional venue and a casual event and, it stipulates that if a dealer is a bona fide member of the sponsoring organization working as an unpaid volunteer, that person does not need to submit to a criminal background check. Again, it's not just about poker.

Secondly, SB 878 accurately reflects the economic realities of charitable gaming in the year 2014 by allowing an organization to generate meaningful income from their fundraising efforts—money that, ultimately, will be used to benefit others. The bill would raise the wager limit from a paltry \$15,000 to \$50,000 provided the licensee conducts its own event. In other words without collaborating with what in the Bill officially defines as a "charitable gaming service provider".

Let me explain how important this is. At our event, we could easily sell \$30,000 to \$50,000 in chips per night and earn say, 20%-30% from gaming versus 20%-30% of \$15,000. People are standing in line trying to get in. Why? Because we provide a venue where, unlike a casino, a person can wager as little as \$1 per bet, versus \$25 at a casino, buy a \$3 beer, versus \$10-\$15 at the casino, have an fabulous evening of fun and perhaps, even walk away with a few shekels more than they came in with. Yet, the wager limit, which has not been adjusted since 1999, literally forces the organization to turn away patrons thereby totally depriving some of incremental admission revenues, incremental gaming revenues, food and beverage revenues, and souvenir/collateral revenues. Incidentally, the new rules imposed by the Gaming Control Board contain no provision for altering the wager limit.

Some have asserted that SB 878 expands charitable gaming. That is patently incorrect. Rather, this bill focuses solely upon the games that are already approved by law to be conducted in the State of Michigan. These include "traditional" games such as blackjack and roulette and, since 2004, poker. It does not introduce /expand any new games and/or other gaming models such as dog racing, slots or off-track pari-mutuel betting. Again, the scope of this bill falls strictly within those games already approved by law.

With regard to the wager limit, when TRAXLER-MCCAULEY-LAW-BOWMAN BINGO ACT 382 became law in 1972, the wager limit was established at a \$2,000. That amount was believed to be sufficient at that particular time. Since then, the wager limit has been increased multiple times to (1) adjust for inflation, (2) respond to the popularity and demand for charitable gaming and (3) allow the charity to make more meaningful income from their fundraising events. The current wager limit is \$15,000 and, it has not been adjusted since 1999. There are several charities that host events where the availability of chips is easily eclipsed by the demand. Bottom line...This measure is merely responding to the economic realities of 2014, via a legislative vehicle, in order to address a matter that has always been, and always be, in need of periodic review and adjustment.

In summary, SB 878 will make charitable gaming better in Michigan by installing superior definition and better control at every juncture, regardless of venue; traditional gaming or poker. In other words, SB 878 is a well-thought-out "pro-active" approach to meet the challenges surrounding charitable gaming in 2014, versus the "reactive" patchwork of arbitrary repairs to the current law that, quite frankly, should have been taken off life-support long ago. SB 878 is the right bill, at the right time, for all the right reasons! I strongly encourage every member of this Committee vote for its passage and to protect charities. Thank you.

William C. Audette

Footnote:

Some apologists for keeping the wager limit low say that it serves as a way of protecting the licensee from adverse gaming results. However, a wager limit can actually have the exact opposite effect, specifically: by preventing the house's ability to recoup losses that routinely occur during the ebb and flow during any game of chance. Moreover, our organization has NEVER lost money at any millionaire party that we have conducted over the last 40 years. Some events have been more profitable than others however, we have never lost money. This can be attributed to:

- Strong management/floor supervision
- Well defined processes/monitoring
- Comprehensive training for ALL volunteers
- Strict adherence to a sensible betting regimen.