

PART 8. SUPPLIER

R 432.21801 Supplier license application.

Rule 801. (1) A written application for a supplier license, on a form provided by or approved in writing by the bureau, shall be approved in writing by the bureau before a person sells, leases, or distributes authorized equipment, sells charity game tickets, or sells numeral game tickets to a licensee.

(2) The supplier license application shall include additional information as directed by the bureau.

(3) The supplier license application shall be accompanied by the appropriate fee.

(4) An applicant shall disclose to the bureau whether any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant has ever been convicted or becomes convicted of, or forfeited bond upon a charge of, or plead guilty to any of the following offenses:

(a) A felony.

(b) A gambling offense.

(c) Criminal fraud.

(d) Forgery.

(e) Larceny.

(f) Filing a false report with a governmental agency.

(5) Any changes to the information provided on the supplier license application shall be immediately reported to the bureau in writing.

R 432.21802 Additional eligibility factors.

Rule 802. In addition to the requirements of the act, the commissioner shall consider the following factors when reviewing a supplier license application or renewal application:

(a) The honesty and integrity of the applicant.

(b) The veracity and accuracy of any information supplied to the bureau by the applicant.

(c) The applicant's indebtedness to local, state, or federal government.

(d) A pending lawsuit or bankruptcy proceeding involving the applicant or any owner, shareholder of the privately held corporation, partner, or officer of the applicant.

(e) The current or past history of compliance of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant with 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 laws or regulations.

(f) Criminal convictions of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant for any of the following offenses:

(i) A violation of the act.

(ii) A felony.

(iii) A gambling offense.

(iv) Criminal fraud.

(v) Forgery.

(vi) Larceny.

(vii) Filing a false report with a governmental agency.

(g) The forfeiture of a bond, if the application includes the right to sell charity game tickets or numeral game tickets.

(h) The submission of a check in payment of a charity game ticket invoice or numeral game ticket fee that is not paid by the financial institution on which it is drawn.

(i) The applicant's current or past history of delinquent payments of charity game ticket invoices or numeral game ticket fees.

(j) Any other information considered advisable by the commissioner.

R 432.21803 Supplier license expiration; supplier license void on ownership change.

Rule 803. (1) A supplier license shall expire at midnight on September 30 and is renewable annually upon the submission of a renewal application, provided by or approved in writing by the bureau, unless summarily suspended, suspended, denied, or revoked by the commissioner.

(2) If the ownership changes or any portion of ownership of the privately held corporation, partnership, or sole proprietorship acting as a licensed supplier changes, except for deletion of owners or changes in percentage of ownership, then the license issued to that privately held corporation, partnership, or sole proprietorship shall be void and returned to the bureau without delay.

R 432.21804 Supplier license terms and conditions.

Rule 804. (1) Upon the issuance of a supplier license, the licensed supplier shall agree to all of the following terms and conditions:

(a) To be bound by and comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, and any other local, state, and federal laws and regulations.

(b) To not assign or transfer the supplier license. A privately held corporation, partnership, or sole proprietorship acting as a licensed supplier shall not attempt to sell or transfer an interest in the business without the prior written approval of the bureau.

(c) To immediately report to the bureau in writing any change in the information stated on or attached to the supplier license application.

(d) To remit payment for charity game tickets as directed in writing by the bureau.

(e) To remit numeral game ticket fees as required by the act and as directed in writing by the bureau.

(f) To only accept checks from a licensee's account for the payment of equipment, charity game tickets, or numeral game tickets.

(g) To not reveal investigative information to any licensee.

(h) To hold the bureau and the state harmless from any liability, including, but not limited to, taxes and legal expenses.

(2) The location at which the licensed supplier does business, including supplemental storage locations or at which an applicant or licensed supplier intends to do business or store equipment, shall be open to inspection during reasonable business hours by an authorized representative of the bureau.

(3) A person shall not refuse to cooperate with, hinder, or obstruct in any way, an authorized representative of the bureau while the representative is performing official duties.

(4) A licensed supplier shall not require any licensee to enter into an exclusive purchase agreement with that licensed supplier.

(5) The commissioner may deny, summarily suspend, suspend, revoke, or refuse to renew a supplier license as prescribed by R 432.21109 to R432.21111.

(6) A person convicted of a criminal offense under the act or any other gambling offense is ineligible to participate in a supplier license as an owner, shareholder of a privately held corporation, partner, officer, agent, or employee for a period of 1 year after the conviction becomes final.

R 432.21805 Equipment; sale and rental.

Rule 805. Only equipment authorized in writing by the bureau and in sound working condition may be sold, leased, or rented to licensees.

R 432.21806 Authorization to purchase and sell charity game tickets and sell approved numeral game tickets.

Rule 806. (1) The issuance of a supplier license does not include the authorization to purchase and sell charity game tickets or sell approved numeral game tickets. Upon receipt of a completed application and performance bond, the commissioner may enter into a contract with the supplier authorizing the purchase and sale of charity game tickets or the sale of approved numeral game tickets.

(2) The amount of the performance bond shall be established by the commissioner in accordance with the act and the amount required may be modified with a 30-day written notice.

(3) A contract authorizing the purchase and sale of charity game tickets or the sale of approved numeral game tickets may be suspended or terminated with a 30-day written notice without affecting the supplier's right to sell, lease, or distribute authorized equipment.

(4) A denial, termination, or suspension under this rule may be appealed under section 631 of 1961 PA 236, MCL 600.631.

R 432.21807 Charity game tickets.

Rule 807. (1) A licensed supplier shall only sell charity game tickets to a qualified organization that has a valid large bingo, small bingo, special bingo, annual charity game ticket, special charity game ticket, millionaire party, or large raffle license issued by the bureau.

(2) A licensed supplier shall not sell a box of charity game tickets if the manufacturer's shrink-wrap is removed or the manufacturer's seal is broken.

(3) A licensed supplier shall only sell charity game tickets to a qualified organization at the price established in writing by the bureau. Monetary premiums, gift certificates, discounts, or rebates are not allowed on charity game tickets.

R 432.21808 Charity Game Ticket Inventory.

Rule 808. (1) A licensed supplier shall account for all charity game tickets purchased from the bureau.

(2) A licensed supplier shall provide the bureau with all charity game ticket sales and return information as directed in writing by the bureau.

R 432.21809 Numeral game tickets.

Rule 809. (1) A licensed supplier shall only sell numeral game tickets to a qualified organization that has a valid numeral game, millionaire party, or large raffle license issued by the bureau.

(2) A licensed supplier shall only display, offer for sale, sell, or otherwise make available approved numeral game tickets unless directed otherwise in writing by the bureau.

(3) A licensed supplier shall not sell numeral game tickets if the manufacturer's packaging is opened or the manufacturer's seal is broken.

(4) In the case of defective or recalled numeral game tickets the supplier shall cooperate with the manufacturer and the licensees in correcting any problem, which may include returning tickets to the manufacturer.

(5) The licensed supplier shall facilitate the return of defective numeral game tickets to the manufacturer and facilitate any refund due the licensee for losses from the defective numeral game from the manufacturer.

R 432.21810 Numeral game ticket inventory.

Rule 810. (1) A licensed supplier shall account for all numeral game tickets purchased from a manufacturer.

(2) A licensed supplier shall provide the bureau with all numeral game ticket sales and return information as directed in writing by the bureau.

R 432.21811 Prohibitions.

Rule 811. (1) A licensed supplier or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as a licensed supplier, agent, or employee of a licensed supplier shall not be involved with the management of a licensed gaming event. This subrule shall not apply to the delivery, repair, and set up of the equipment, the provision of training before the start of the licensed gaming event, or technical advice during the licensed gaming event.

(2) A person employed by or an agent of the licensed supplier shall not receive any compensation, food, or beverage.

(3) A licensed supplier or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as a licensed supplier, agent, or employee of a licensed supplier shall not do any of the following:

(a) Be an officer of a qualified organization conducting a licensed gaming event for which the supplier is providing equipment or services.

(b) Share in a prize, purchase, play, or accept charity game tickets or numeral game tickets offered for sale by the licensee at any time at the location where he or she is working or assisting.

(c) Split a prize with a player.

R 432.21812 Invoices for equipment, charity game tickets and numeral game tickets.

Rule 812. (1) A licensed supplier shall record every sale, lease, rental, return, or any other type of transfer of equipment, charity game tickets, and numeral game tickets to or from licensees by completing a sales invoice or credit memo.

(2) All invoices for equipment, charity game tickets, and numeral game tickets shall be sequentially numbered and issued in sequential order or as directed in writing by the bureau.

(3) Charity game ticket invoices and credit memos shall be accounted for as directed in writing by the bureau.

(4) Numeral game ticket invoices and credit memos shall be accounted for as directed in writing by the bureau.

(5) An invoice for all equipment, charity game tickets, and numeral game tickets supplied to a licensee shall be given to the licensee before the licensed gaming event.

(6) The invoice shall contain all of the following:

(a) The amount of each sale.

(b) All credits.

(c) All exchanges.

(d) All sales premiums.

(e) All rebates or discounts.

(f) The net amount of each sale.

(g) Any other information as directed in writing by the bureau.

(7) Invoices and case labels for disposable bingo cards shall be clearly and legibly identified with the color, type (for example, 3-on horizontal), and total number of sheets or total number of packets for each color invoiced or contained in the case.

(8) The bureau may require a licensed supplier to provide the bureau the serial numbers for all bingo cards sold to a licensee.

(9) The bureau may require a licensed supplier to place the serial numbers for all bingo cards sold to a licensee on the invoice required by subrule (6) of this rule.

(10) All voided or spoiled invoices for equipment, charity game tickets, and numeral game tickets shall be retained.

R 432.21813 Supplier records; retention.

Rule 813. (1) The licensed supplier shall maintain current and accurate records of all operations in conjunction with the purchase, sale, or rental of equipment, the sale of charity game tickets, and the sale of numeral game tickets in conformity with the act, these rules, terms of probation, and directives of the bureau.

(2) The records and all documents supporting entries made in the records shall be available and on site to authorized representatives of the bureau for review.

(3) The records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years or as directed in writing by the bureau.

(4) A licensed supplier shall report to the bureau, on a form provided by or approved in writing by the bureau, the type and total amount of sales and rentals of equipment as directed in writing by the bureau.

R 432.21814 Advertising.

Rule 814. (1) A licensed supplier may advertise a licensed gaming event using current and accurate information. The advertising shall include all of the following:

- (a) Name of the licensee.
- (b) License number.
- (c) Purpose for which the net proceeds will be used.

(2) Advertising shall cease once the gaming event license has expired.

(3) Advertising via the internet, printed matter, signs, or billboards shall be in the following format:

(a) Information in subrule (1) of this rule shall appear in the top half of the advertisement.

(b) Excluding location and supplier name, information in subrule (1) of this rule shall be prominently displayed in the same size font, or larger, as the largest font of any other information contained in the advertisement.

(4) Information in subrule (1) of this rule shall be continuously visible and readable in television advertising.

(5) The following items are not considered advertising:

(a) A message on an answering machine or voicemail by the supplier licensee.

(b) Video, audio, or other means of communication that is broadcast solely within the interior of a location where the licensed gaming event occurs.

(c) Printed matter contained within the interior of a location where a licensed gaming event occurs and that is intended to be visible only from the interior of the location where the licensed gaming event is going to occur.

(d) An internet webpage that does not mention days, dates, times, specific games played, or program information.