

DEPARTMENT OF TREASURY  
MICHIGAN GAMING CONTROL BOARD  
CASINO GAMING  
**ADMINISTRATIVE RULES**

(By authority conferred on the Michigan gaming control board by section 4 of Initiated Law of 1996, as amended, being § 432.204 of the Michigan Compiled Laws)

**PART 1. DEFINITIONS**

**R 432.1101 Definitions; A to C.**

Rule 101. As used in these rules:

(a) "Act" means Initiated Law of 1996, being § 432.201 et seq. of the Michigan Compiled Laws, and known as the Michigan gaming control and revenue act.

(b) "Application" means all materials and information comprising the applicant's request for a casino license, supplier's license, or occupational license submitted by the applicant to the board, including, but not limited to, the instructions, forms, and other documents required by the board for purposes of application for a license under the act and these rules.

(c) "Associated equipment" means any of the following:

(i) Any equipment which is a mechanical, electromechanical, or electronic contrivance, component, or machine and which is used indirectly or directly in connection with gaming.

(ii) Any equipment that would not otherwise be classified as a gaming device, including, but not limited to, links, modems, and dedicated telecommunication lines, that connects to progressive electronic gaming devices.

(iii) Computerized systems that monitor electronic gaming devices, table games, and other gambling games approved by the board.

(iv) Equipment that affects the proper reporting of gross receipts.

(v) Devices for weighing and counting money.

(vi) Any other equipment that the board determines requires approval as associated equipment to protect the integrity of gaming and ensure compliance with the act and these rules.

(d) "Attributed interest" means any direct or indirect interest in a business entity deemed by the board to be held by an individual through holdings of the individual's immediate family or other persons and not through the individual's actual holdings.

(e) "Bill changer" means an electromechanical device attached either on or into an electronic gaming device for the purpose of dispensing an amount

of tokens or credits equal to the amount of cash or cash equivalency inserted into the bill changer. The bill changer shall accept and analyze the legitimacy of United States or foreign currency accepted by the bill changer.

If a credit is issued, then the player shall have the option of taking the entire amount of credits in tokens or utilizing any portion of the registered credits to activate the electronic gaming devices as a wager.

(f) "Board" means the Michigan gaming control board.

(g) "Board casino premises office" means dedicated office space in a casino which is for the exclusive use of the board for performing any of its functions and which is separate from, and does not include, the board surveillance room.

(h) "Board surveillance room" means dedicated office space in each casino for the exclusive use of the board for the monitoring and recording of gaming or any other activities.

(i) "Cash" means United States currency and coin or foreign currency and coin that has been exchanged for its equivalent United States currency and coin value.

(j) "Cash equivalent" means an asset that is readily convertible to cash, including, but not limited to, any of the following:

(i) Travelers checks.

(ii) Certified checks, cashier's checks, and money orders.

(iii) Personal checks or drafts.

(iv) Credit extended by the casino licensee, a recognized credit card company, or banking institution.

(v) Any other instrument that the board deems a cash equivalent.

Other than recognized credit cards or credit extended by the casino licensee, all instruments that constitute a cash equivalent shall be made payable to the casino licensee, bearer, or cash. If an instrument is made payable to a third party, then the instrument shall not be deemed a cash equivalent.

(k) "Casino central computer system" means 1 or more computer systems which are approved by the board and which meet all of the following requirements:

(i) Are connected to all electronic gaming devices in the casino to record and contemporaneously monitor the play and cash flow and security of each electronic gaming device.

(ii) Are capable of monitoring the activities of the live gaming devices, including, but not limited to, any of the following or their equivalents:

(A) Table fills.

(B) Table credits.

(C) Table gaming receipts, disbursements, and revenues.

(iii) Are capable of tracking the activities of the live gaming devices, including, but not limited to, the following or their equivalents:

(A) Table game inventories.

(B) Employee gratuity receipt and disbursement accounting.

(iv) Are capable of monitoring the activities of the main bank and all cages, including, but not limited to, the following or their equivalents:

- (A) Manual payouts.
- (B) Hopper credits and hopper fills.
- (C) Table credits and fills.
- (v) Are capable of tracking the activities of the main bank and all cages, including, but not limited to, the following or their equivalents:
  - (A) Receipt and record of hard and soft count.
  - (B) Record of gaming receipts, disbursements and revenues.
  - (C) Cashier checkout.
  - (D) Main bank and cage inventory.
  - (E) Deposits.
  - (F) Cash transaction reports.
  - (G) Patron credit.
- (vi) Are capable of monitoring the casino licensee's casino accounting package.
- (vii) Are linked by dedicated telecommunication lines to board-designated computer terminals located in board offices on and off the casino premises. The terminals shall be able to access, receive, and display the information required and prescribed by the board.
- (l) "Casino license" means a license issued by the board to a person to own or operate a casino in Michigan under the act.
- (m) "Casino operations" means operations of a casino or a casino enterprise other than gambling operations, including, but not limited to, the purveying of food, beverages, retail goods and services, and transportation.
- (n) "Casino surveillance room" means a room or rooms at each casino for monitoring and recording casino operations and gambling operations by the casino licensee.
- (o) "Certificate of suitability" means a written document issued by the board certifying that an applicant has been chosen for licensure if the applicant meets all of the following:
  - (i) The conditions of a certified development agreement with a city.
  - (ii) The conditions set forth by the board in the certificate of suitability and the requirements of the act and these rules.
- (p) "Chip" means a representation of value redeemable for cash only at the issuing casino and issued by a casino licensee for use in gaming, other than in electronic gaming devices.
- (q) "Complaint form" means the form, prescribed by the board, that a patron shall complete and submit to file a patron complaint.
- (r) "Contest" means a gambling game which is offered and sponsored by a gambling operation in which patrons of the gambling operation are assessed an entry fee to play the game or games and in which winning patrons receive a portion of or all of the entry fees that may be increased with cash and noncash prizes from the gambling operation.
- (s) "Counterfeit chips or tokens" means chip-like or token-like objects that have not been approved under these rules, including objects commonly referred to as slugs, but not including legal coins of the United States or any other nation.

(t) "Count room" means the room or rooms designated for the counting, wrapping, and recording of a casino licensee's gaming receipts.

History: 1998-2000 AACS.

**R 432.1102 Definitions; D to F.**

Rule 102. As used in these rules:

(a) "Debt instrument" means any of the following:

- (i) Bond.
- (ii) Loan.
- (iii) Mortgage.
- (iv) Trust.
- (v) Deed, when committed in any form as collateral.
- (vi) Note.
- (vii) Debenture.
- (viii) Subordination.
- (ix) Guaranty.
- (x) Letter of credit.
- (xi) Security agreement.
- (xii) Pledge.
- (xiii) Chattel mortgage.
- (xiv) Other form of indebtedness.

(b) "Debt transaction" means a transaction in which a person that has applied for or holds a casino license or holding company or affiliate that has control of the applicant or holder of the casino license, acquires debt, including, but not limited to, bank financing, private debt offerings, or any other transaction that results in a change of encumbrance of more than 1% in capitalization or debt-to-equity ratio of the licensee, applicant, holding company, or affiliate of the applicant or holder of the casino license.

(c) "Dependent" means any individual who received over 1/2 of his or her support in a calendar year from any other individual.

(d) "Drop" means the total amount of tokens removed from the drop bucket of an electronic gaming device, the currency removed from the bill changers, and the dollar amount of the currency, coins, chips, tokens, or credits removed from the live gaming devices. If a patron is utilizing an electronic card, then the drop includes the amount deducted from a patron's account as a result of electronic gaming device play.

(e) "Drop box" means the box attached to a live gaming device table that is used to collect, but is not limited to, any of the following items:

- (i) Currency.
- (ii) Coin.
- (iii) Chips.
- (iv) Cash equivalents.
- (v) Damaged chips.
- (vi) Documents verifying the extension of credit.
- (vii) Request for fill and credit forms.

- (viii) Fill and credit slips.
- (ix) Error notification slips.
- (x) Table inventory forms.
- (xi) All other forms used by the casino licensee and deposited in the drop box as

part of the audit trail.

(f) "Drop bucket" means the container in the locked portion of an electronic gaming device or the cabinet of an electronic gaming device that is used to collect the tokens retained by the electronic gaming device which are not used to make automatic payments from the electronic gaming device and which are subject to authorized removal.

(g) "Drop meter" means an electronic or mechanical device or devices, or both that automatically and continuously count the number of tokens dropped into an electronic gaming device's drop bucket.

(h) "Electronic card" means a card purchased from, or provided by, a casino licensee for use at the licensee's casino as a substitute for tokens for the conduct of gaming on an electronic gaming device.

(i) "Electronic credit" means a value owed to a patron on an electronic gaming device.

(j) "Electronic gaming device" means an electromechanical device, or electrical device or machine which, upon payment of consideration, is available to play or operate as a gambling game. The operation of the device or machine, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or operating the device to receive any of the following, whether the payoff is made automatically from the machines or in any other manner:

- (i) Premiums.
- (ii) Merchandise.
- (iii) Tokens.
- (iv) Redeemable game credits.
- (v) Anything of value other than unredeemable free games.

(k) "Electronic gaming device drop" means the total value of tokens contained in the drop bucket and the currency collected from bill changers. If a patron is utilizing an electronic card, then the drop includes the amount deducted from a patron's account as a result of electronic gaming device play.

(l) "Electronic gaming device win" means the electronic gaming device drop minus hand-paid jackpots, minus hopper fills, plus hopper credits.

(m) "Enhanced payout" means a gambling game offered and sponsored by a gambling operation in which gaming patrons participate in a gambling game or an approved variation of a gambling game and thereby qualify for receiving, upon a specified outcome in the gambling game or the occurrence of a specified event, a payment or thing of value approved by the board in excess of published payouts contained in the internal control system approved by the board or as displayed on the electronic gaming device.

- (n) "EPROM" means erasable, programmable, read only memory.
- (o) "Excluded person" means a person whose name appears on an exclusion list of any jurisdiction, or a person whose name does not appear on an exclusion list, but who is excluded or ejected as a result of meeting 1 or more of the exclusion criteria specified in these rules.
- (p) "Exclusion list" means a list or lists that contain identities of persons who are to be excluded or ejected from any gambling operation in any jurisdiction.
- (q) "FIN" means a federal identification number.
- (r) "Felony" means a criminal offense for which a sentence of imprisonment for more than 1 year may be imposed under the laws of any jurisdiction.
- (s) "Financial statement" means any of the following:
  - (i) Balance sheet.
  - (ii) Income statement.
  - (iii) Profit and loss statement.
  - (iv) Statement of cash flow.
  - (v) Sources and uses of funds statement.
- (t) "Front money" means a deposit of value made by a patron at the cage.

History: 1998-2000 AACS.

**R 432.1103 Definitions; G to I.**

Rule 103. As used in these rules:

- (a) "Gaming area" means the room or rooms in a casino in which gaming is conducted.
- (b) "Gaming equipment or supplies" means a machine, mechanism, device, or implement that affects the result of a gambling game by determining a win or loss, including, without limitation, any of the following:
  - (i) Electronic gaming devices.
  - (ii) Software.
  - (iii) Cards.
  - (iv) Dice.

Lay outs for live table games and any representatives of value, including, without limitation, chips, tokens, or electronic debit cards and related hardware and software do not affect the result of a game, but are gaming equipment and supplies.
- (c) "Gaming operations manager" means a person who has the ultimate responsibility to manage, direct, or administer the conduct of the gambling operation in a casino licensed under the act and these rules.
- (d) "Give-away" means a gambling game where patron entry to the game may be determined by attendance in a casino or by either accumulation of points or credits or the attainment of a certain outcome on an electronic gaming device.
- (e) "Hand" means either 1 game in a series, 1 deal in a card game, or the cards held by a player.

(f) "Hearing officer" means the board member or the administrative hearing officer designated by the chairperson to conduct or assist the board in the conduct of a hearing on any matter within the jurisdiction of the board.

(g) "Holding company" means any person, other than an individual, that meets the following criteria:

(i) Directly or indirectly owns, has the power or right to vote or control, or holds with the power to vote more than 5% of the stock, equity interest, or other voting security of a person that holds, or has applied for, a casino license or a supplier's license.

(ii) Directly or indirectly holds, or substantially owns, any power, right, or security through any interest in a subsidiary or successive subsidiaries, regardless of how many subsidiaries may intervene between the holding company and the holder or applicant for, or holder of, a casino license or a supplier's license.

(h) "Immediate family" means any of the following, whether by whole or half blood, marriage, adoption, or effect of law:

(i) Spouse, other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance.

(ii) Parent.

(iii) Child.

(iv) Dependent.

(v) Sibling.

(vi) Spouse of sibling.

(vii) Father-in-law.

(viii) Mother-in-law.

(i) "Inappropriate token-in" means a token that has been accepted by an electronic gaming device after the electronic gaming device has already accepted the maximum number of tokens or when the electronic gaming device is in a state that normally rejects additional tokens.

(j) "Indirect interest" means an interest, claim, right, legal share, or other financial stake in a person that is deemed by the board to exist by virtue of a financial or other interest in another person.

(k) "Individual" means any natural person.

(l) "Interim compliance period" means the period of time between the issuance of a certificate of suitability and the issuance of a casino license or the issuance of a notice of denial.

(m) "Intermediary company" means any corporation, firm, partnership, trust, limited liability company, or other form of business entity that meets the following criteria:

(i) Is a holding company of a person that has applied for or holds a casino license or a supplier license.

(ii) Is a subsidiary of any holding company of a person that has applied for or holds a casino license or supplier license.

(n) "Internal control system" means the internal procedures, administration, and accounting controls designed by the casino licensee for

the purpose of exercising control over the gambling operation and its assets.

(o) "Irrevocable letter of credit" means an engagement by a banking institution which is issued, held, and negotiated under the publication entitled "Uniform Custom and Practice for Documentary Credits," 1993 revision, international chamber of commerce publication no. 500, at the request of a casino licensee, and under which the banking institution will honor demands for payment upon compliance with the conditions specified until the expiration date on the letter of credit.

History: 1998-2000 AACCS.

#### **R 432.1104 Definitions; J to L.**

Rule 104. As used in these rules:

(a) "Junket" means an arrangement to induce persons who are selected or approved for participation on the basis of their ability to satisfy a financial qualification obligation related to their ability or willingness to come to a licensed casino for the purpose of gambling and who receive as consideration all or part of the cost of transportation, food, lodging, or entertainment directly or indirectly paid by a casino licensee or agent.

(b) "Junket representative" means a person, other than a casino licensee or casino license applicant, who receives payment for the referral, procurement, or selection of persons who may participate in a junket to a licensed casino in Michigan, based upon the person's actual or calculated potential to wager or lose, regardless of whether the activities of the junket representative occur within the state of Michigan.

(c) "Key person" means any of the following entities:

(i) An officer, director, trustee, partner, or proprietor of a person that has applied for or holds a casino license or supplier license or an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license.

(ii) A person that holds a combined direct, indirect, or attributed debt or equity interest of more than 5% in a person that has applied for or holds a casino license or supplier license.

(iii) A person that holds a combined direct, indirect, or attributed equity interest of more than 5% in a person that has a controlling interest in a person that has applied for or holds a casino license or supplier license.

(iv) A managerial employee of a person that has applied for or holds a casino license or supplier license in Michigan, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license in Michigan, who performs the function of principal executive officer, principal operating officer, principal accounting officer, or an equivalent officer.

(v) A managerial employee of a person that has applied for or holds a casino license or supplier license, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license, who will perform or performs the



function of gaming operations manager, or will exercise or exercises management, supervisory, or policy-making authority over the proposed or existing gambling operation, casino operation, or supplier business operations in Michigan and who is not otherwise subject to occupational licensing in Michigan.

An institutional investor shall not be considered a key person unless it has a controlling interest or fails to meet the standards of section 6c(1) of the act for waiver of eligibility and suitability requirements for qualification and licensure under the act and these rules.

(d) "Licensee" means a person who holds a license under the act.

(e) "Live game" means a gambling game which does not involve an electronic gaming device and which is played with a live gaming device.

(f) "Live gaming device" means any nonelectrical or non-electromechanical apparatus used to gamble upon, including, but not limited to, any of the following:

(i) Roulette wheel and table.

(ii) Blackjack table.

(iii) Craps table.

(iv) Poker table.

Nothing in these rules prohibits the use of electronic progressive or bonusing equipment in conjunction with play on a live gaming device. Nothing in these rules prohibits electronic equipment used to monitor or assist in the conduct of a live game.

History: 1998-2000 AACS.

#### **R 432.1105 Definitions; M to O.**

Rule 105. As used in these rules:

(a) "Main bank" means the casino department that is responsible for at least all of the following:

(i) Cashing customer checks.

(ii) Establishing hold check privileges.

(iii) Redeeming chips or tokens, or both.

(iv) Providing working funds to all operational departments.

(v) Deposits of front money.

(vi) Maintaining custody of all inventory.

(vii) Processing markers.

(viii) Assuming responsibility for all of the following individuals and physical

structures:

(A) Casino cashiers.

(B) Change attendants.

(C) Main bank vault or vaults.

(D) Any other structure that houses tokens, chips, or other representatives

of value that the main bank is accountable for.

(b) "Marker" means an electronic or written document that evidences an extension of credit to a patron by the casino licensee, including any writing taken in consolidation, redemption, or payment of a previous marker.

(c) "Michigan taxpayer identification number" means the number assigned to businesses registered with the department.

(d) "Multigames" means an electronic gaming device that offers a menu of more than 1 gambling game to the player.

(e) "Nominee" means a person that holds, as owner of record, the legal title to tangible or intangible personal or real property, including, without limitation, any of the following:

- (i) A stock.
- (ii) A bond debenture.
- (iii) A note.
- (iv) An investment contract.
- (v) Real estate.

on behalf of another person. A nominee is designated and authorized to act on behalf of another person with respect to the property.

(f) "Nonvalue chip" means a chip which is clearly and permanently impressed, engraved, or imprinted with the name of the casino licensee, but which does not bear a value designation.

(g) "One-on-one continuous surveillance" means that a licensed surveillance employee is dedicated to continuously monitor a given area without interruption or distraction as prescribed by the board.

History: 1998-2000 AACS.

#### **R 432.1106 Definitions; P to R.**

Rule 106. As used in these rules:

(a) "Par sheet" means a document which is provided by the electronic gaming device manufacturer and which depicts all of the following:

- (i) The possible outcomes from the play of an electronic gaming device.
- (ii) The probability of occurrence of the outcomes.
- (iii) The contribution of each winning outcome to the payback percentage of the electronic gaming device.

(b) "Patron complaint" means a complaint a patron has regarding winnings and losses or the conduct of gambling at a casino.

(c) "Payout" means the winnings that result from a wager.

(d) "Petitioner" means any of the following:

- (i) A person whose license application has been denied by the board.
- (ii) A person whose license has not been renewed.
- (iii) A person whose request for transfer of ownership has been denied.
- (iv) A person who has been placed on the exclusion list.
- (v) A person whose request has been otherwise denied by the board and who has

the right to appeal the denial under the act or these rules.

(e) "Picture identification" means a driver license or other piece of

identification which is issued by a governmental entity and which has a picture of the individual affixed to, or otherwise part of, the document.

(f) "Pit" means the area enclosed or encircled by the arrangement of the gaming tables in which casino gambling personnel administer and supervise the live games played at the tables by patrons located outside the perimeter of the area.

(g) "Predecessor company" means an entity which no longer exists in its original form, but which has assets that have been acquired, in substantial part, by another person or which has undergone certain internal changes, such as a change in identity, form, or capital structure.

(h) "Progressive controller" means the hardware and software that controls all communication among the electronic gaming devices or live gaming devices within a progressive electronic gaming device link or a progressive live gaming device link and its associated progressive meter.

(i) "Progressive jackpot" means a value determined by application of an approved formula to the income of independent, local, or interlinked electronic gaming devices or live gaming devices.

(j) "Public offering" means a sale of securities that is subject to the registration requirements of section 5 of the securities act of 1933, 15 U.S.C. § 77e, or that is exempt from the registration requirements solely by reason of an exemption contained in either of the following provisions:

(i) Section 3(a)(10), 3(a)(11), or 3(c) of the securities act of 1933, 15 U.S.C. § 77c(a)(10), 15 U.S.C. § 77c(a)(11), or 15 U.S.C. § 77c(c).

(ii) Regulation A or regulation D adopted under section 3(b) of the securities act of 1933, 15 U.S.C. § 77c(b).

(k) "Public official" means a person to whom any of the following provisions apply:

(i) The person is authorized to perform an official function on behalf of, and is paid by a state, local, or federal governmental entity in Michigan or any other jurisdiction.

(ii) The person is elected or appointed to office to discharge a public duty for a state, local, or federal governmental entity in Michigan or any other jurisdiction.

(iii) The person is appointed in writing by a public official to act in an advisory capacity, with or without compensation, to a state, local, or federal governmental entity in Michigan or any other jurisdiction concerning a contract or purchase to be made by the entity.

"Public official" does not include a person who is appointed to an honorary advisory or honorary military position.

(l) "Publicly held company" or "publicly traded corporation" means any of the following:

(i) A person, other than an individual, to which either of the following provisions applies:

(A) The person has 1 or more classes of voting securities registered under section 12 of the securities exchange act of 1934, 15 U.S.C. § 78l.

(B) The person issues securities and is subject to section 15(d) of the

securities exchange act of 1934, 15 U.S.C. § 78o(d).

Either term also means another person, other than an individual, required to file under the securities and exchange act of 1934, 15 U.S.C. § 78a et seq.

(ii) A person, other than an individual, created under the laws of a foreign country to which both of the following provisions apply:

(A) The person has 1 or more classes of voting securities registered on the

foreign country's securities exchange or over-the-counter market.

(B) The board has determined that the person's activities are regulated in a

manner that protects the investors and Michigan.

Either term includes any person, other than an individual, that has securities registered or is an issuer under this definition solely because it guaranteed a security issued by an affiliate under a public offering and is considered by the securities and exchange commission to be a co-issuer of a public offering of securities under rule 140 of the securities and exchange act of 1934, 15 U.S.C. § 78.

(iii) A person, other than an individual, that has shares which are traded on an established securities market or traded on a secondary market.

(m) "RAM" or "random access memory" means the electronic component used for computer work space and storage of volatile information in an electronic gaming device.

(n) "Randomness" means the unpredictability and absence of pattern in the outcome of an event or sequence of events.

(o) "Random number generator" means hardware, software, or a combination of hardware and software devices for generating number values that exhibit the characteristics of randomness.

(p) "Registered agent" means an individual designated to accept service of legal process on behalf of another person.

(q) "Related party" means 1 of the following:

(i) An individual or business entity that has a pecuniary interest in a casino licensee, a casino license applicant, or an affiliate thereof, if the casino licensee, casino license applicant, or affiliate is not a publicly held company.

(ii) A holder of more than 5% of the outstanding shares of a casino licensee, a casino license applicant, or an affiliate thereof, if the casino licensee, casino license applicant, or affiliate is a publicly held company.

(iii) A key person of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.

(iv) An affiliate of a casino licensee or a casino license applicant.

(v) An immediate family member of a holder of more than 5% of the outstanding shares of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.

(vi) A relative of a key person of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.

(vii) A relative of an affiliate of a casino licensee or a casino license

applicant.

(viii) A trust for the benefit of, or managed, by a casino licensee, a casino license applicant, or an affiliate or a key person of a casino licensee or a casino license applicant.

(ix) Any other person who is able to significantly influence the management or operating policies of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.

(x) An institutional investor that has a controlling interest in a person that has applied for or holds a casino license or supplier license or that fails to meet the standards set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure under the act and these rules. An institutional investor shall not be considered to be a related party unless it fails to meet the standard set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure.

(r) "Related party transactions" means transactions between a casino licensee or a casino license applicant and at least 1 of the following:

- (i) A related party.
- (ii) An immediate family member.
- (iii) A dependent.

(s) "Relative" means any of the following entities whether by whole or half blood, marriage, adoption, or natural relationship:

(i) Spouse, other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance.

- (ii) Parent.
- (iii) Grandparent.
- (iv) Child.
- (v) Grandchild.
- (vi) Sibling.
- (vii) Uncle.
- (viii) Aunt.
- (ix) Nephew.
- (x) Niece.
- (xi) First cousin.
- (xii) Father-in-law.
- (xiii) Mother-in-law.
- (xiv) Son-in-law.
- (xv) Daughter-in-law.
- (xvi) Brother-in-law.
- (xvii) Sister-in-law.
- (xviii) Dependent.

(t) "Respondent" means a person against whom a seizure, forfeiture, or disciplinary action has been initiated.

(u) "ROM" or "read only memory" means the electronic component used for storage of nonvolatile information in an electronic gaming device, including programmable ROM and erasable programmable ROM.

(v) "Runs test" means a mathematical statistic that determines the existence of recurring patterns within a set of data.

History: 1998-2000 AACCS.

**R 432.1107 Definitions; S to U.**

Rule 107. As used in these rules:

(a) "Sensitive keys" means keys that either casino management or the board considers sensitive to the casino licensee's operation and therefore require strict control over custody and issuance in accordance with the licensee's approved internal controls.

(b) "Slot machine" means a type of electronic gaming device.

(c) "Slug" means a disk or object which is not issued by the casino licensee and which does not have a cash value.

(d) "Sole proprietor" means an individual who owns 100% of the assets and who is principally liable for the debts of a business, regardless of whether another person guarantees payment of such debts.

(e) "Standard chi-squared analysis" means the sum of the squares of the difference between the expected result and the observed result.

(f) "Subsidiary" means a person, other than an individual, including, without limitation, a firm, partnership, trust, limited liability company, or other form of business organization in which an equity interest is owned, subject to a power or right of control, or held with the power to vote directly, indirectly, or in conjunction with a holding company or intermediary company.

(g) "Substantial creditor" means the holder of a debt instrument against a person which is secured or unsecured, matured or unmatured, liquidated or unliquidated, absolute, fixed, or contingent, and which has an aggregate amount of \$100,000.00 or more.

(h) "Substantial owner" means the holder of any of the following:

(i) More than 5% of the total combined voting power of a corporation or more than 5% of the total value of shares of all classes of stock of a corporation.

(ii) More than a 5% interest in a partnership.

(iii) More than 5% of the value of a trust computed actuarially.

(iv) More than 5% of the legal or beneficial interest in any other person.

For purposes of computing the percentages in this subdivision, a holder shall be deemed to own any stock or other interest in a person, whether owned directly, indirectly, or attributed. The term "substantial owner" shall not include an institutional investor, unless the institutional investor has more than a 5% interest in the applicant or licensee and fails to meet the standards set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure under the act and these rules.

(i) "Supplier" means a person who the board has identified under rules promulgated by the board as requiring a license to provide casino licensees or casino enterprises with goods or services regarding the realty,

construction, maintenance, or business of a proposed or existing casino, casino enterprise, or related facility, including, but not limited to any of the following:

- (i) Junket enterprises.
- (ii) Security businesses.
- (iii) Manufacturers of gaming devices or equipment.
- (iv) Distributors.
- (v) Persons who service gaming devices or equipment.
- (vi) Garbage haulers.
- (vii) Maintenance companies.
- (viii) Food purveyors.
- (ix) Construction companies.
- (j) "Surety bond" means a contractual arrangement between the surety, the principal, and the obligee that the surety agrees to protect the obligee if the principal defaults in performing the principal's contractual obligation. The bond is the instrument that binds the surety.
- (k) "Suspected problem area" means an area where unusual occurrences have been observed or good reason exists to believe unusual occurrences will occur.
- (l) "Table drop" means the total dollar amount of United States and foreign currency, chips, marker or credit contained in the drop box of a live gaming device.
- (m) "Table win" means the dollar amount which is won by the casino licensee through play at a live game and which is the total of the table drop, plus ending chip inventory, minus opening chip inventory, plus chip credits, minus fills.
- (n) "Theoretical payout percentage" means the sum of the number of cash equivalents, credits, or tokens expected to be paid as a result of the jackpots divided by the number of different possible outcomes.
- (o) "Tilt condition" means a programmed error state for an electronic gaming device that occurs when the electronic gaming device detects an internal error malfunction or attempted cheating. The electronic gaming device ceases processing further input, output, or display information other than that indicating the tilt condition itself.
- (p) "Token" means a representation of value which is redeemable for cash only at the issuing casino gambling operation and which is issued and sold by a casino licensee for use in the electronic gaming devices at its gambling operation.

History: 1998-2000 AACS.

#### **R 432.1108 Definitions; V to Z.**

Rule 108. As used in these rules:

- (a) "Value chip" means a chip that is clearly and permanently impressed, engraved, or imprinted with the name of the casino and the specific value of the chip.
- (b) "Voting security" means a security that the holder is entitled to

vote generally for the election of a member or members of the board of directors or board of trustees of a corporation or a comparable person or persons in the case of a partnership, trust, or another form of business organization other than a corporation.

(c) "Wager" means an item that is representative of value risked on a gambling game authorized under the act and these rules.

(d) "Wide-area progressive system" means a system of electronic gaming devices which are approved by the board and which are linked across telecommunication lines as part of a network connecting separate casino locations licensed by the board with an aggregate prize or prizes.

History: 1998-2000 AACS.

#### **R 432.1109 Terms defined in act.**

Rule 109. Terms defined in the act have the same meaning when used in these rules.

History: 1998-2000 AACS.

## **PART 2. GENERAL PROVISIONS**

#### **R 432.1201 Rules of construction.**

Rule 201. In the interpretation of any rules adopted by the board, an ambiguity shall be resolved in favor of the interpretation which would provide either of the following:

(a) The greater assurance of integrity in either the operation or regulation of casino gambling.

(b) Heightened public confidence in the regulation or regulatory processes relating to casino gambling.

History: 1998-2000 AACS.

#### **R 432.1202 Severability.**

Rule 202. If a provision of a rule promulgated by the board or the application of a rule to any person or circumstance, is held invalid by a court of competent jurisdiction, then the provision or application shall not affect other provisions that can be given effect without the invalid provision or application.

History: 1998-2000 AACS.

#### **R 432.1203 Records retention.**

Rule 203. (1) Each casino licensee or supplier licensee shall maintain, in



a place secure from theft, loss, or destruction, adequate records of its business and accounting operations. A casino licensee or supplier licensee shall make the records available to the board, upon request, within a reasonable time period prescribed by a subpoena duces tecum or by written request of the board, the executive director, or his or her designee. A casino licensee or supplier licensee shall hold the records for not less than 5 years. The records shall include, but not be limited to, all of the following:

(a) All correspondence with, or reports to, the board or any local, state, or federal governmental agency.

(b) All correspondence concerning the acquisition, construction, maintenance, or business of a proposed or existing casino or support facility.

(c) A personnel file on each employee.

(2) Notwithstanding subrule (1) of this rule, a casino licensee or supplier licensee shall hold copies of all promotional and advertising material, records, or complimentary distributions for all casinos and related casino enterprises for at least 1 year, unless otherwise requested by the board.

(3) A casino licensee shall keep and maintain accurate, complete, legible, and permanent records of any books, records, or documents pertaining to, prepared in, or generated by, the casino gambling operation, including, but not limited to, all of the following:

(a) Forms.

(b) Reports.

(c) Accounting records.

(d) Ledgers.

(e) Subsidiary records.

(f) Computer generated data.

(g) Internal audit records.

(h) Correspondence.

(i) Personnel records.

A casino licensee shall keep and maintain the books, records, or documents in a manner and form approved or required by the board.

(4) A casino owner shall organize and index all required records in a manner that enables the board to locate, inspect, review, and analyze the records with reasonable ease and efficiency.

(5) Nothing in this subrule shall be construed to require disclosure of documents subject to the attorney-client privilege if the licensee or applicant informs the board of the existence of the document, a general description of its contents, and the basis for the privilege.

History: 1998-2000 AACCS.

**R 432.1204 Forms, fees, documents, papers, and other materials; manner and form of submittal.**

Rule 204. Unless otherwise permitted or required, a person shall submit all forms, fees, documents, papers, and other materials to the board's

principal office in Ingham County, Michigan, in the manner and form prescribed by the board.

History: 1998-2000 AACS.

**R 432.1205 Scope of board approval.**

Rule 205. An action of the board regarding an applicant or licensee relates only to the applicant's or licensee's qualification for licensure under the act and these rules and does not indicate or suggest that the board has considered or passed on the qualifications or application of the applicant or licensee for any other purpose.

History: 1998-2000 AACS.

**R 432.1206 Duty to disclose changes in information.**

Rule 206. (1) Except as otherwise provided in these rules, if an obligation has been placed upon a licensee to report or submit information to the board, the reporting or submission may be accomplished by providing the information to an employee of the board or a member of the Michigan state police assigned to assist the board.

(2) A licensee or an applicant for a license has a continuing duty to disclose promptly any material changes in information provided to the board as soon as the applicant or licensee becomes aware of the change. The duty to disclose changes in information continues throughout any period of licensure granted by the board. A licensee or applicant shall make sure that all required release of information forms submitted to the board are current.

History: 1998-2000 AACS.

**R 432.1207 Applicant or licensee disclosure of representatives.**

Rule 207. (1) An applicant or licensee shall file, with the board, a list of persons authorized to act on the applicant's or licensee's behalf as to any matter before the board. An attorney appearing on behalf of an applicant or licensee in a matter before the board shall promptly file an appearance identifying his or her client and the matter in which the attorney will appear.

(2) A person holding or applying for a casino license or supplier license shall establish and identify a registered agent within Michigan for the purpose of accepting service of process, notices, and other forms of communication for the person holding or applying for a casino license or supplier license.

History: 1998-2000 AACS.

**R 432.1208 Casino licensee and supplier licensee duty to investigate job**

**applicants.**

Rule 208. A casino licensee or supplier licensee shall conduct a reasonable investigation of the background of employees whose duties are related to, or involved in, the conduct of gambling operations in Michigan to reasonably ensure that the employee is eligible and suitable for the employment under the licensing standards and other requirements of the act and these rules. A casino licensee or supplier licensee shall keep and maintain written records of investigations for all employees.

A casino licensee or supplier licensee shall make the written records available to the board, upon request, within a reasonable time period prescribed by the board.

Licensure by the board may not be relied on by the licensee as the sole criterion for hiring a job applicant.

History: 1998-2000 AACS.

**R 432.1209 Investigative hearings.**

Rule 209. (1) The board, when necessary, may conduct hearings for the purpose of investigating an applicant, an application, a licensee, or a third party to gather information regarding eligibility and suitability for licensure, alleged violations of the act or these rules, or other board action under the act or these rules.

(2) The board may require an applicant, a licensee, or a key person or employee of an applicant or licensee to testify or to produce any documents, records, or other materials at a proceeding conducted under this rule.

(3) The board, through its executive director or his or her designee, may issue subpoenas for the production of persons, documents, or other items at a proceeding conducted under this rule.

(4) All testimony at proceedings conducted under this rule shall be given under oath or affirmation administered by a board member, hearing officer, or the executive director or a person designated by the executive director.

History: 1998-2000 AACS.

**R 432.1210 Participation in games by owners, directors, officers, key persons, or gaming employees prohibited.**

Rule 210. An officer, director, key person, managerial employee, or occupational licensee of a casino licensee or a licensed managerial employee of a related casino enterprise shall not play or be permitted to play any gambling game at the casino at which the person is employed or licensed or which is related to the casino operation at which the person is employed and licensed. A person specified in this rule shall not be permitted to redeem chips or tokens for any other person, except that a person may redeem chips or tokens in the course of his or her employment with a casino licensee.

History: 1998-2000 AACS.

**R 432.1211 Receipt of commercially reasonable consideration for contracts and transactions required.**

Rule 211. An applicant for, or holder of, a casino license or supplier license may not enter into or perform any contract or transaction in connection with gambling operations or casino operations related to the casino license or supplier license for which application has been made or which the licensee holds unless the applicant or licensee transfers or receives consideration that is commercially reasonable.

History: 1998-2000 AACS.

**R 432.1212 Weapons in casino.**

Rule 212. (1) An individual may not carry a firearm or other weapon in a casino, except for the following entities:

(a) State, county, city, township, or village law enforcement officers, as defined in section 2(e) of Act No. 203 of the Public Acts of 1965, as amended, being § 28.601 et seq. of the Michigan Compiled Laws.

(b) Federal law enforcement officers, as defined in 5 U.S.C. § 8331.

(c) Armored car personnel picking up or delivering currency at secured areas.

(2) Law enforcement officers conducting official duties within a casino shall, to the extent practicable, advise the Michigan state police gaming section of their presence.

(3) Private casino security personnel may carry handcuffs while on duty in a casino.

History: 1998-2000 AACS.

**R 432.1213 Board procedure.**

Rule 213. Except as otherwise provided in these rules, the act, or other statute, the board shall determine its practices and internal rules of procedure.

History: 1998-2000 AACS.

**R 432.1214 Authority of executive director; authority.**

Rule 214. The board delegates to its executive director all power and authority to act in the name of the board with respect to all reasonable, necessary, and appropriate actions to administer and carry out the administrative and executive functions of the board, including, but not limited to, the power to do any of the following:

(a) Execute and enter into contracts on behalf of the board.

(b) Incur reasonable and necessary expenses in the name of the board in the

manner provided by law.

(c) Take and hold property on behalf of the board.

(d) Hire and fire employees of the board.

(e) Issue subpoenas for the attendance of witnesses.

(f) Administer oaths.

(g) Issue and renew temporary occupational and supplier licenses under these rules.

(h) Request and accept documents, plans, procedures, amendments to procedures, and other information necessary for the board to carry out its duties under the act and these rules.

(i) Conduct investigations, inspections, audits, share information with law enforcement agencies and the city; and engage in other functions necessary to the proper administration and enforcement of the act and these rules.

(j) Grant requests and waivers, answer inquiries, issue interpretations, and otherwise take any action that is reasonably requested by applicants, licensees, and holders of certificates of suitability in furtherance of, and consistent with, the efficient administration and enforcement of the provisions of the act and these rules, as determined to be necessary or appropriate by the executive director.

History: 1998-2000 AACS.

#### **R 432.1215 Contracts; purchasing system.**

Rule 215. The casino licensee or casino license applicant shall maintain a central repository of all of its contracts at its casino that relate to its Michigan casino or gambling operations. The board, executive director, employees of the board, the state police, or attorney general shall be allowed unrestricted access to the repository and any contract or transaction entered into by a casino licensee or casino license applicant upon demand. The licensee or applicant may be required by the board to promptly submit copies of any contract upon written request of the board, the executive director, an employee of the board, the Michigan state police, or attorney general.

History: 1998-2000 AACS.

#### **R 432.1216 Contract requirements.**

Rule 216. A contract or transaction entered into by a casino licensee or a casino license applicant that is more than \$50,000.00 shall be a written contract.

History: 1998-2000 AACS.

#### **R 432.1217 Normal purchasing transactions.**

Rule 217. (1) A casino licensee or casino license applicant shall submit, for approval by the board, an internal control procedure regarding purchasing

transactions.

(2) The internal control procedure shall include a statement of policy regarding ethical standards and compliance with state and federal laws. The statement shall prohibit purchasing and contracting personnel from accepting gifts and gratuities from suppliers of goods or services, except in accordance with a written policy submitted with the internal control procedures.

(3) The internal control procedures submitted shall include, but not be limited to, all of the following information:

(a) The manner in which purchase requisitions will be issued.

(b) The amounts that can be authorized by various positions or level of personnel.

(c) Requirements for the competitive bidding process, including the number of bids required.

(d) Procedures for issuing and approving blanket purchase orders.

(e) Procedures and approval regarding emergency purchases.

(f) Criteria for qualifying approved vendors of goods or services based on such factors as the following:

(i) Quality of the product or service to be provided.

(ii) Suitability of the vendor of the goods or services.

(iii) Price.

(iv) Any other criteria the board deems necessary to ensure compliance with the act and this rule.

(g) Documentation that goods or services acquired were obtained on the basis of a price that is commercially reasonable considering the criteria set forth in subdivision (f) of this rule.

(h) Procedures and approval process for the acquisition of goods or services that are unique and not easily acquired through the normal competitive bid process.

(i) Procedures to ensure that vendor files maintained by the casino licensee or casino license applicant contain all forms, documentation, and approvals required by the internal control procedures.

(j) A prohibition against the purchase or lease of gaming equipment or supplies from other than a supplier that is licensed under the act.

(k) Procedures for the approval of contracts or transactions in an amount that is more than \$50,000.00.

(l) The minimum dollar amount of contracts or transactions with 1 vendor in a 12-month period that require approval by the licensee's authorized representative. The amount shall not be more than \$150,000.00.

(m) A written policy regarding the acceptance of gifts or gratuities by purchasing and contracting personnel from suppliers of goods or services.

(n) Any other internal control procedure the board deems necessary to ensure compliance with the act and these rules and prevent money laundering, kickbacks and other unlawful or commercially unreasonable transactions.

History: 1998-2000 AACS.

**R 432.1218 Related party contracts or transactions.**

Rule 218. (1) Unless otherwise directed by the board, the internal control procedures for disclosure and approval of related party contracts or transactions do not apply to any of the following transactions:

(a) Transactions between a casino licensee or a casino license applicant and a supplier licensee.

(b) The payment of dividends or other distributions to shareholders.

(c) Scheduled repayments of related party debt.

(2) A related party transaction shall be in compliance with the internal control procedures set forth in these rules and both of the following provisions:

(a) A related party transaction or series of related transactions reasonably anticipated to be greater than \$250,000.00 in a 12-month period shall be subject to approval by the board of directors, the owner, or a designee of equivalent level.

(b) A reputable and independent organization which is knowledgeable in the area of related party transactions or contracts and which is approved by the

board shall provide a written favorable fairness opinion for all related party contracts, transactions, or series of transactions expected to be more than \$5,000,000.00, unless otherwise directed by the board.

History: 1998-2000 AACS.

**R 432.1219 Duty of reasonable care.**

Rule 219. A casino licensee, casino license applicant, supplier license applicant or supplier licensee shall exercise reasonable care to ensure that each contract or transaction the licensee or license applicant enters into meets the requirements of the act and these rules.

History: 1998-2000 AACS.

**R 432.1220 Board reports.**

Rule 220. (1) The casino licensee or casino license applicant shall, on a quarterly basis, file a summary of all contracts and nonwagering transactions which involve an amount of more than \$250,000.00 or which are reasonably anticipated to be more than \$250,000.00 in a 12-month period. The quarterly reports shall be due on the fifteenth day of April, July, October, and January. The reports shall be compiled in the manner, and on the form, prescribed by the board and shall include all of the following information:

(a) The name, business address, and business telephone number of the party

with whom the casino licensee or casino license applicant entered a contract and whether or not the party is or was a related party.

(b) The amount of the transaction or payments under the contract.

(c) The date of execution.

(d) The nature of the contract or transaction, including the type of goods or services to be provided.

(e) A determination of how the commercial reasonableness of the contract, transaction, and consideration for related goods or services was ascertained.

(f) A statement certifying that all contracts and transactions summarized in the quarterly report are in compliance with this rule. The certification statement shall be signed by the general manager, or equivalent, of the casino licensee or casino license applicant.

(g) Any other information the board deems necessary to ensure compliance with the act or these rules.

(2) The quarterly report shall contain the information set forth in subrule (1) of this rule with respect to any oral contracts or transactions that involve an amount more than \$25,000.00 in a 12-month period.

History: 1998-2000 AACS.

#### **R 432.1221 Mandatory contract notification.**

Rule 221. (1) A casino licensee or person making application for a casino license shall notify the board, in writing, as soon as practicable, after entering into a contract, transaction, or series of transactions in an amount which is more than \$500,000.00 or which is reasonably anticipated to be more than \$500,000.00 in any 12-month period. The written notice of a contract shall be on forms prescribed by the board and shall contain, at a minimum, the information in R 432.1220.

(2) The board may direct a licensee or applicant to cancel any contract or transaction that the board determines does not comply with the act and this part.

A contract entered into by a casino licensee or casino license applicant shall contain a provision permitting the casino licensee or casino license applicant to terminate the contract if the board determines that the contract does not comply with the act or these rules.

(3) A casino licensee or casino license applicant shall include a contract described in this rule in the quarterly and annual reports submitted under R 432.1220.

History: 1998-2000 AACS.

#### **R 432.1222 Confidential records.**

Rule 222. Materials, or portions of materials, submitted under the act or these rules may be identified as confidential by a licensee, an applicant for



a license, or any other person. If the materials are exempt from disclosure by statute, the materials shall not be disclosed by the board, except to other jurisdictions or law enforcement agencies as provided in the act.

History: 1998-2000 AACS.

**R 432.1223 Waiver of requirements.**

Rule 223. The board may, in writing, waive, restrict, or alter any requirement or procedure set forth in these rules, if the board determines that the requirement or procedure is impractical or burdensome, that the waiver, restriction, or alteration is in the best interest of the public and the gaming industry, and that the waiver, restriction, or alteration is not outside the technical requirements necessary to serve the purpose of the requirement or procedure.

History: 1998-2000 AACS.

**R 432.1224 General reporting requirements; obligation to report certain events.**

Rule 224. A person who holds or applies for a casino license or supplier license shall provide an immediate oral report, followed by a written report, of suspected criminal activity related to the person's proposed or existing gambling operation or casino operation or supplier operations in Michigan. The person shall provide the reports to the Michigan state police, gaming section, as soon as practicable after the person becomes aware of the activity. Additionally, a person who applies for or holds a casino license or supplier license shall provide written notice to the board at the time the person becomes aware of any of the following:

- (a) A violation or apparent violation of the act or these rules by any of the following entities:
  - (i) A person who applies for or holds a casino license or supplier license.
  - (ii) A key person, an employee of a person applying for or holding a casino license or supplier license, or a key person of a holding company or affiliate that is in control of a key person, an employee of a person applying for or holding a casino license or supplier license.
  - (iii) A person who acts, or is authorized to act, on behalf of or in furtherance of the interests of the casino license or supplier license applicant or licensee, or a holding company or affiliate that is in control of the applicant or licensee.
- (b) The initiation of any investigation that could, or any action that does, result in the imposition of any civil, criminal, or administrative sanction or penalty upon a person who applies for or holds a casino license or supplier license.
- (c) To the extent known, the initiation of any investigation that could, or any action that does, result in the imposition of any civil, criminal, or administrative sanction or penalty upon a person who applies for or holds an

occupational license.

(d) The filing of any criminal, civil, or administrative complaint against a holding company or affiliate that has control of the applicant or holder of a casino license or supplier license that relates to the eligibility and suitability of the applicant or licensee to hold a casino license or supplier license in Michigan under the act and these rules.

(e) The receipt of a subpoena that requires testimony by the person applying for or holding the casino license or supplier license, or by a key person, holding company or affiliate in control of the person applying for or holding the casino license or supplier license, that relates to the gambling or casino operations or business practices of the applicant or licensee in Michigan or any other jurisdiction.

(f) When a person who applies for or holds a casino license or supplier license has filed, or has been served with, a complaint or other notice filed with a public body regarding a delinquency in the payment of, or a dispute over the filings concerning the payment of, a tax required under federal, state, or local law, including all of the following information:

- (i) The tax amount.
- (ii) Type of tax.
- (iii) The taxing agency.
- (iv) The time periods involved.

(g) A bankruptcy, receivership, or debt adjustment initiated by or against the person applying for or holding a casino license or supplier license or an officer, director, holding company, or an affiliate that is in control of the person applying for or holding a casino license or supplier license.

(h) A compliance review conducted by the internal revenue service in accordance with title 31 of the United States Code, 31 U.S.C. § 5311 et seq., relating to the person applying for or holding the casino license or supplier license, an officer, a director, a holding company, or an affiliate that is in control of the person applying for or holding the casino license or supplier license. The person applying for or holding the casino license or supplier license shall provide the board with a copy of the compliance review report or its equivalent within 10 days of the receipt of the report.

(i) A suspicious activity report or a casino suspicious activity report, or both.

Copies of the reports shall also be filed with the Michigan state police gaming section and the board at the time the reports are filed with the federal government.

(j) A material violation of board-approved internal control procedures related to security or to the transfer, collection, distribution, or accounting of monies and a statement of the corrective action taken by the casino licensee with respect to the violations.

(k) A material violation of applicable city ordinances or of an agreement with a governmental authority in Michigan.

(l) Another action, occurrence, or nonoccurrence for which the board has instructed the person applying for or holding a casino license or supplier

license to provide notice.

History: 1998 MR 6. Eff. June 24, 1998.

**R 432.1225 Licensee duty to disclose violation of licenses.**

Rule 225. A person who holds or applies for a license shall immediately notify the board, in writing, if the person becomes aware that a casino, supplier, or occupational licensee is in violation of the act or these rules.

History: 1998-2000 AACS.

**R 432.1226 Applicant's obligation to report certain events.**

Rule 226. An applicant for a license shall provide a written notice to the board under the same circumstances that a licensee is required to provide notice, except to the extent that the board may waive the requirements.

History: 1998-2000 AACS.

**R 432.1227 Contents of notice and supplementation requirement.**

Rule 227. The written notices required under the act and these rules shall provide the detail that is reasonably required to describe the reported event and shall be supplemented at the times, and in the detail, that the board requests.

History: 1998-2000 AACS.

**R 432.1228 Effect of representation; service.**

Rule 228. A person represented before the board by an attorney or representative under this rule shall be bound by the acts or omissions of the attorney or representative to the same extent as if the person had acted or failed to act personally.

History: 1998-2000 AACS.

**R 432.1229 Restricted transactions.**

Rule 229. (1) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly give, convey, transfer, or enter into a contract to convey or

transfer, a direct or indirect interest in the applicant, licensee, or casino enterprise to any of the following entities during his or her board membership or employment and for a period of 4 years after the date that his or her board membership or employment terminates:

- (a) A member of the board.
- (b) The executive director of the board.
- (c) A supervisory employee of the board.
- (d) An immediate family member of any of the entities listed in subdivisions (a) to (c) of this subrule.
- (e) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control an individual board member or board decisions by reason of business, financial, personal, or social association or relationship.

(2) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, a casino enterprise, or a labor organization registered by the board or a board representative, shall not knowingly employ, or enter into a contract for goods or services with, any of the following entities during his or her board membership or casino-related employment and for a period of 4 years after the date that his or her board membership or casino-related employment terminates:

- (a) An employee of the attorney general's casino control division.
- (b) A Michigan state police gaming section command officer.
- (c) A member of the board.
- (d) The executive director or a supervisory employee of the board.
- (e) An immediate family member of any of the entities listed in subdivisions (a) to (d) of this subrule.

(f) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control any of the entities listed in subdivisions (a) to (d) of this subrule by reason of business, financial, personal, or social association or relationship.

(3) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly give, convey, transfer, or enter into a contract to convey or transfer, a direct or indirect interest in the licensee, applicant, or casino enterprise to a nonsupervisory employee of the board, any immediate family member of a nonsupervisory employee of the board during his or her board employment and for a period of 2 years after the date his or her board employment terminates, or any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control a nonsupervisory employee by reason of business, financial, personal, or social association or relationship.

(4) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, a casino enterprise, or a labor organization registered by the board or representative of the board shall not knowingly employ, or enter into a contract for goods or services with, any of the following entities during his or her board or casino-related state police

employment and for a period of 2 years after the date that his or her board or casino-related state police employment terminates:

(a) An employee of the Michigan state police gaming section.

(b) A nonsupervisory employee of the board.

(c) An immediate family member of either of the entities listed in subdivisions (a) and (b) of this subrule.

(d) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control entities listed in subdivisions (a) and (b) of this subrule by reason of business, financial, personal, or social association or relationship.

(5) A person may not apply for or be granted a license under the act if any of the following entities has any direct or indirect interest in the person and the person knows of the interest:

(a) A current member of the board.

(b) The current executive director of the board.

(c) A board employee.

(d) An employee of the state police assigned to the state police gaming section.

(e) An employee of the attorney general assigned to the attorney general's casino control division.

(f) An immediate family member of any of the entities listed in subdivisions (a) to (e) of this subrule.

(g) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) to (e) of this subrule by reason of business, financial, personal, or social association or relationship.

(6) A person may not apply for or be granted a license under the act if any of the following entities has a financial interest or a direct or indirect pecuniary or ownership interest in the person and less than 4 years has passed since the date on which the board membership or employment of the former member, executive director, or supervisory employee terminated and the person knows of the interest:

(a) A former member of the board.

(b) A former executive director or supervisory employee of the board.

(c) An immediate family member of any of the following entities listed in subdivisions (a) and (b) of this subrule.

(d) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) or (b) of this subrule by reason of business, financial, personal, or social association or relationship.

(7) A person may not apply for or be granted a license under the act if any of the following entities has a direct or indirect interest in the person and less than 2 years has passed since the former employee's employment terminated and the person knows of the interest:

(a) A former nonsupervisory employee of the board.

(b) A former state police employee formerly assigned to the state police

gaming section.

(c) A former employee of the attorney general formerly assigned to the attorney general's casino control division.

(d) An immediate family member of any of the entities listed in subdivisions (a) to (c) of this subrule.

(e) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) to (c) of this subrule by reason of business, financial, personal, or social association or relationship.

(8) A former member or employee of the board may appear before the board as a fact witness about actions by the member or employee during his or her tenure as a member or employee of the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.

(9) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly employ, or enter into any contract for goods or services with, a state, local, or federal law enforcement officer.

History: 1998-2000 AACS.

#### **R 432.1230 Restrictions on gift-giving.**

Rule 230. A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, a casino enterprise, or a labor organization registered by the board shall not directly or indirectly give or offer to give any gift, gratuity, benefit, compensation, travel, lodging, food or beverage, or any other thing of value to any of the following entities:

(a) A member of the board.

(b) The executive director of the board.

(c) An employee of the board.

(d) An employee of the state police assigned to the state police gaming section.

(e) An employee of the attorney general assigned to the attorney general's casino control division.

(f) An immediate family member of any of the entities listed in subdivisions (a) to (e) of this subrule.

(g) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) to (e) of this subrule by reason of business, financial, personal, or social association or relationship.

History: 1998-2000 AACS.

#### **R 432.1231 Restrictions on casino licensee interest in supplier licensee.**

Rule 231. A person applying for or holding a casino license shall not own an interest of more than 10% in a supplier licensed under the act or these rules.

This rule does not prohibit a person who has applied for or holds a casino license from entering into an agreement for the management of its gambling operations or casino operations with a key person of the applicant or licensee.

History: 1998-2000 AACS.

**R 432.1232 Review of information at licensee's or applicant's premises; costs.**

Rule 232. (1) At the option of the executive director of the board, the executive director or his or her designee may review, at the premises of the custodian of the information, any information that the act, these rules, the executive director, or his or her designee requires from any of the following entities:

- (a) A license applicant.
- (b) A licensee.
- (c) An affiliate of a license applicant or licensee.
- (d) A person who holds more than a 1% direct or indirect interest in an applicant or licensee.

(2) If information is reviewed at the premises of the custodian of the information then the license applicant or licensee shall, as soon as practicable, reimburse the board for all incremental expenses incurred in performing the review at the premises of the custodian of the information, including travel, food, and lodging. Reimbursement shall be exclusive of all other fees required under the act and these rules.

History: 1998-2000 AACS.

**PART 3. LICENSES**

**R 432.1301 Application explained; applicant to demonstrate eligibility, qualification, and suitability; revocability of license or certificate; applicant and licensee acceptance of certain risks; claim of privilege as to testimony or evidence; applicant and licensee duties.**

Rule 301. (1) An application for a license under the act and these rules is a request by the applicant seeking a revocable privilege. A license will be granted by the board if the applicant meets the licensing requirements of the act and these rules.

(2) An applicant for a license under the act and these rules shall, at all times, have the burden of demonstrating to the board, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable

to be granted and retain the license for which application is made under the applicable licensing standards and requirements of the act and these rules.

(3) A license or certificate of suitability issued by the board under the act or these rules is a revocable privilege granted by the board. A person who holds a license or certificate of suitability does not acquire, and shall not be deemed to acquire, a vested property right or other right, in the license or certificate.

(4) An applicant or licensee shall accept any risk of adverse publicity, public notice, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with, or as a result of, the application and licensing process or the public disclosure of information submitted to the board with a license application or at the board's request under the act and these rules.

(5) An applicant or licensee may claim any privilege afforded by the Constitution or laws of the United States or of the state of Michigan in refusing to answer questions or provide information requested by the board. However, a claim of privilege with respect to any testimony or evidence pertaining to the eligibility, qualifications, or suitability of an applicant or licensee to be granted or hold a license under the act and these rules may constitute cause for denial, suspension, revocation or restriction of the license.

(6) An applicant and licensee shall have a continuing duty to do all of the following:

(a) Notify the board of a material change in the information submitted in the license application submitted by the applicant or licensee or a change in circumstance, that may render the applicant or licensee ineligible, unqualified, or unsuitable to hold the license under the licensing standards and requirements of the act and these rules.

(b) Maintain the applicant's or licensee's eligibility, qualifications, and suitability to be issued and hold the license held or applied for under the act and these rules.

(c) Provide any information requested by the board relating to licensing or regulation; cooperate with the board in investigations, hearings, and enforcement and disciplinary actions; and comply with all conditions, restrictions, requirements, orders, and rulings of the board in accordance with the act and these rules.

(7) An applicant, licensee or person required to be qualified as part of an application for the issuance of, or a request for renewal of, a license shall authorize and consent, in writing, that fingerprints provided to the board for purposes of identification, qualification, licensing, or license renewal may be forwarded to the Michigan state police and retained by the Michigan state police for any lawful investigative and identification purposes, including, without limitation, background investigation related to determining qualification and licensure. The Michigan state police shall retain and use fingerprints that it receives from the board for lawful investigative and identification purposes.



History: 1998-2000 AACS.

**R 432.1302 Classification of licenses.**

Rule 302. The board may classify an activity to be licensed in addition to, different from, or at a different level than, the following license classifications:

(a) Casino license. An owner or operator of a casino gambling operation is required to hold a casino license.

(b) Supplier license. The following persons are required to hold a supplier license:

(i) Persons who supply equipment, goods, or services to a casino licensee or casino license applicant that are directly related to or affect gambling operations authorized and regulated under the act and these rules.

(ii) All other suppliers or purveyors of nongaming-related goods or services to a casino gambling operation or casino enterprise regarding the realty, construction, maintenance, or business of a proposed or existing casino or casino enterprise on a regular or continuing basis, including, but not limited to, all of the following entities:

- (A) Garbage haulers.
- (B) Maintenance companies.
- (C) Food and beverage purveyors.
- (D) Laundry and linen suppliers.
- (E) Construction companies.
- (F) Other suppliers described in these rules.

(c) Occupational license. An individual who is employed by a casino licensee, casino enterprise, or a supplier licensee whose work duties are directly related to, or involved in, the gambling operation or performed in a restricted area of a casino or in the gaming area of the casino, or who is a gaming operations manager, general manager, department manager, or an equivalent, shall hold a valid occupational license that is the level required for his or her position before the individual may perform any of the duties of his or her position. There are 3 different classes of occupational license, as follows:

- (i) Occupational license, level 1.
- (ii) Occupational license, level 2.
- (iii) Occupational license, level 3.

History: 1998-2000 AACS.

**R 432.1303 Fees, fines, charges, and assessments.**

Rule 303. (1) All fees, fines, charges, and assessments provided for under these rules shall be submitted in a timely manner to the board in the form of a certified check, cashier's check, or money order made payable to: "State of Michigan," in the form of an electronic wire transfer, or by another method of payment that is acceptable to the board.

(2) The following nonrefundable license application fees shall be submitted to the board, together with the required application form or forms, for the corresponding license classification to which the fees relate:

(a) Casino license: \$50,000.00.

(b) Supplier license, as follows:

(i) If the total dollar amount of a supplier's business transactions with all casino licensees or casino enterprises is or will be equal to or greater than \$500,000.00 within any 12-month period, then the application fee will be \$2,500.00.

(ii) If the total dollar amount of a supplier's business transactions with all casino licensees or casino enterprises is or will be equal to or greater than \$100,000.00, but less than \$500,000.00, within any 12-month period, then the application fee will be \$1,000.00.

(iii) If the total dollar amount of a supplier's business transactions with all casino licensees or casino enterprises is or will be less than \$100,000.00 within any 12-month period, then the application fee will be \$500.00.

(iv) If the supplier does not know the total dollar amount of a supplier's business transactions with all casino licensees or casino enterprises within any 12-month period, then the supplier shall make a good faith estimate of the total dollar amount of the supplier's business transactions with all casino licensees, or casino enterprises, including a statement of the basis for the estimate, and submit the estimate to the board. The estimate shall be the basis for determining the application fee. However, if the actual total dollar amount of a supplier's business transactions with all casino licenses or casino enterprises within the 12-month period is higher or lower than the estimate, then the fee will be adjusted accordingly.

(c) Occupational license, level 1: \$500.00.

(d) Occupational license, level 2: \$100.00.

(e) Occupational license, level 3: \$50.00.

The license application fee shall be used by the board to conduct an appropriate background investigation of the applicant as prescribed by the board, the act, and these rules. Except as otherwise provided, no portion of a remitted license application fee shall be refunded.

(3) An additional background investigation charge may be assessed to the extent that the board's direct investigative cost exceeds the applicant's application fee provided in subrule (2) of this rule. Unless otherwise determined by the board, a license or certificate of suitability shall not be issued until payment of the additional assessed charge for completion of the background investigation is received by the board. If there is cause for any additional background investigation relating to renewal of a license, then the licensee may be assessed the board's direct investigative cost as provided in this subrule and, unless otherwise determined by the board, a license shall not be renewed until payment of the assessed background investigation charge is received by the board. In the event an additional background investigation assessment under this subrule exceeds the actual

final cost of the investigation, then the remaining balance of the background investigation assessment shall be refunded to the applicant licensee.

(4) The following license fees shall be submitted to the board by the applicant or licensee upon initial issuance of the license and for each subsequent renewal of the license under the act and these rules:

- (a) Casino license: \$ 25,000.00.
- (b) Supplier license: \$ 5,000.00.

- (c) Occupational license, level 1: \$ 250.00.
- (d) Occupational license, level 2: \$ 100.00.
- (e) Occupational license, level 3: \$ 50.00.

History: 1998-2000 AACCS.

**R 432.1304 Persons required to be qualified for issuance and renewal of casino and supplier licenses.**

Rule 304. (1) A casino license or supplier license shall not be issued or renewed by the board unless the individual qualifications of every person required by the act and these rules to qualify, as part of the application or request for the issuance or renewal of the license, shall have first been determined by the board eligible, qualified, and suitable in accordance with the relevant licensing standards set forth in the act and these rules.

(2) The following persons shall be required to qualify as part of the application for the issuance, or request for renewal, of a casino license or supplier license:

(a) If the person who makes application for a casino license or supplier license is a person whose stock, equity interest, or ownership interest is publicly traded and regulated by the securities and exchange commission, each of the applicant's key persons.

(b) If the person who makes application for a casino license or supplier license is not a person whose stock is publicly traded and regulated by the securities and exchange commission, each of the applicant's key persons and each person, other than a publicly traded corporation and its 5% or less shareholders, that has a combined direct, indirect, or attributed interest of 1% or more in the applicant.

(c) A person who is required to apply for a casino license or supplier license under the act and these rules.

(d) A person who is included in the term "applicant" as defined by the act, except for a managerial employee who is not a key person.

(3) The board may at any time require a person that applies for or holds a casino license or supplier license to establish the qualifications of any other affiliate, investor, creditor, employee, agent, or representative of

the applicant or licensee or any other person that is connected, related, or associated with the applicant whom the board determines must be qualified under the act and these rules.

(4) A person required to qualify as part of the application or request for issuance or renewal of a casino license or supplier license shall complete and file, with the board, an application or annual renewal report and required disclosure forms in the manner and form prescribed by the board.

(5) A person that applies for or holds a casino or supplier license shall ensure that all persons who are required by the act and these rules to establish their qualifications as part of the applicant's application for the issuance, or the licensee's maintenance or renewal, of the casino license or supplier license have filed, with the board, all required applications, reports, and disclosure forms in the manner and form prescribed by the board.

History: 1998-2000 AACS.

#### **R 432.1305 Casino licensing procedures.**

Rule 305. Except to the extent the board may require different or additional procedures, an applicant for a casino license shall be subject to all of the following procedures before licensing:

- (a) Application.
- (b) Background investigation by the board.
- (c) Public investigative hearing.
- (d) Action and decision by the board on the application.
- (e) Issuance of a certificate of suitability.
- (f) Interim compliance period.
- (g) Issuance of a casino license.

History: 1998-2000 AACS.

#### **R 432.1306 Casino license application.**

Rule 306. (1) A person applying for a casino license and a person required to be qualified as part of the application shall complete and submit an application and disclosure form or forms in the manner and form prescribed by the board. An applicant shall make the application and disclosure form or forms under oath on forms provided by the board. The application and disclosure form or forms shall contain all information required by the board.

(2) The casino license application procedures are as follows:

(a) Upon application, an applicant shall assume and accept, in writing, under oath, all risk of adverse publicity, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with the application process or the public disclosure of information submitted with the application and disclosure form or forms.

(b) Upon application, an applicant shall also expressly waive and give up, in writing, under oath, all claims for damages that may result from the application and licensing process.

(c) Upon application, an applicant shall also consent, in writing, under oath, to being subject to the inspections, investigations, audits, searches, and seizures under section 4a(1)(c)(i) to (v) of the act for the duration of the casino license for which application is made.

(d) Upon applying for, or while holding, a casino license under the act and these rules, an applicant or licensee shall also authorize and consent, in writing, under oath, to release and disclose, to the board and its authorized representatives and agents, all otherwise confidential records that the board requests that are in the possession or control of the applicant or a third party, including, without limitation, tax records, financial records, business records or other records pertaining to the applicant or licensee held by a federal, state, or local governmental agency or by a credit bureau or financial institution. The applicant and licensee shall also authorize and consent, in writing, under oath, to board disclosure in accordance with section 4(c)(5) of the act.

(e) The board shall conduct a background investigation on an applicant. The board shall also use the information provided in the application and disclosure form or forms as a basis for a background investigation, which the board shall conduct on each applicant, and to evaluate and determine the eligibility, qualifications, and suitability of the applicant to receive the casino license under the licensing standards and criteria provided in the act and these rules. A misrepresentation or omission in the application is cause for the denial, suspension, restriction, or revocation of a casino license by the board.

(f) An applicant shall provide the name, address, and telephone number of a representative to act as a liaison to the board and to Michigan state police background investigators. The applicant shall facilitate, assist, and cooperate with the board and the state police in their conduct of background investigations of the applicant under the act and these rules.

(g) The board shall not issue or renew a casino license unless the applicant and each person required to be qualified as part of the application for issuance or request for renewal of the license has completed and filed, with the board, all required applications, license renewal forms, and disclosure forms in the manner and form prescribed by the board and provides all information, documentation, assurances, waivers and releases required by the act and these rules.

(h) An applicant shall file required application forms before the expiration of deadlines established and published by the board.

(i) An applicant is under a continuing duty to disclose any material or substantive changes in the information or documentation provided in or with the application, renewal, and disclosure forms submitted to the board.

(j) A person applying for a casino license shall request an amendment to its application if it knows or should have known that there has been a change in any of the following:

(i) The applicant's key persons or the key persons of its holding companies or affiliates that have control of the applicant.

- (ii) Type of business organization or entity.
- (iii) An adverse change of more than 2 percentage points in capitalization or debt to equity ratio.
- (iv) Investors or debt holders, or both.
- (v) The source of funds.

A publicly traded corporation shall be considered to have complied with this subdivision if it has complied with the reporting requirements in R 432.1406.

(k) A casino license application may be withdrawn upon written notice to the board before board action on the application if all background investigation costs of the board have been paid in full by the applicant.

(l) If a casino license application is withdrawn, then the person who made the application for the license may not reapply for a casino license within 1 year from the date the withdrawal was granted unless the board grants leave to reapply at an earlier date.

(m) The board may allow information, documents, or other materials submitted by an applicant in a withdrawn application to be incorporated by reference into a subsequent application.

(3) The casino license application shall require the person applying for the license, and each person required to be qualified as part of the application, to submit all of the following information and documentation on forms prescribed by the board:

(a) The information and documentation specified in section 5(1) to (5) of the act for the applicant and for each person required to be qualified as part of the applicant's application under the act and these rules.

(b) Disclosure forms, in the manner and form prescribed by the board, for the applicant and each person required to be qualified as part of the applicant's application under the act and these rules. The forms shall contain the information, documentation, assurances, waivers and releases prescribed in the act and these rules.

(c) The name, address, and telephone number of the applicant's primary contact person and registered agent authorized to accept notices, subpoenas, summons, and other legal documents from the board on behalf of the applicant.

(d) The names, addresses, phone numbers, dates of birth, social security numbers, fingerprints, photographs, and other personal, business, and financial background information relating to the identification, character, reputation, integrity, business probity, ability and experience, financial means, experience, responsibility, and record of law abidance of all of the following persons to the extent known and identifiable by the person applying for the casino license:

- (i) The person that applies for the casino license.
- (ii) The key persons of the person applying for the license.
- (iii) The key persons of any holding company or affiliate that has control of the person applying for the license.
- (iv) Other persons who are required to be qualified as part of the application.
- (e) Civil litigation and criminal history of all of the following entities

to the extent known and identifiable by the person applying for the casino license:

- (i) The person applying for the casino license.
- (ii) The key persons of the applicant.
- (iii) The key persons of any holding company or affiliate that has control of the person applying for the license.
- (iv) Other persons who are required to be qualified as part of application.
- (f) Other information and documentation as may be required by the board to establish and determine the identity, eligibility, suitability, and qualification of the applicant or any other person required to be qualified, as part of the application, as a financial source under the act or these rules.
- (g) Other information and documentation as may be required by the board to establish and determine the financial stability, integrity, and responsibility of the person applying for a casino license and a holding company, affiliate, or intermediary company that is required to be qualified as part of the application under the act and these rules and to establish and determine the integrity of the applicant's financial sources and adequacy of the applicant's financial resources to develop, construct, maintain, and operate the proposed casino and related casino enterprises in accordance with the requirements of its certified development agreement and the act and these rules. The information shall include, without limitation, a detailed description of the capitalization for the proposed casino and related casino enterprises and the amount and source of all debt and equity involved in the capitalization for the proposed casino and related casino enterprises.
- (h) Other information and documentation as may be required by the board to establish and determine sufficient business ability on the part of the person applying for the casino license and the applicant's key persons to properly manage and operate the proposed casino gambling operation and related casino enterprises in a successful and efficient manner and in accordance with the requirements of its certified development agreement and the act and these rules.
- (i) Other information and documentation as may be required by the board concerning the proposed site of the applicant's proposed casino and related casino enterprises, including, without limitation, all of the following information and documentation:
  - (i) Site plans.
  - (ii) Total acreage.
  - (iii) Total square footage.
  - (iv) Frontage.
  - (v) Elevations.
  - (vi) Parking facilities.
  - (vii) Walkways and service drives for pedestrian and vehicular traffic flow.
  - (viii) Other infrastructure and support facilities.
- (j) Other information and documentation as may be required by the board concerning the proposed gaming room, including, without limitation, the

square footage and floor plans.

(k) Other information and documentation as may be required by the board concerning the applicant's construction program for the applicant's proposed casino and related casino enterprises, infrastructure, and support facilities, including, without limitation, all of the following information and documentation:

(i) The estimated construction time and anticipated date of opening.

(ii) The status of all required governmental and regulatory permits and approvals and any conditions of all required governmental and regulatory permits and approvals.

(iii) The project budget.

(iv) The architect, general contractor, construction manager, and primary subcontractors, environmental and traffic consultants, and interior designer.

(l) Other information and documentation as may be required by the board concerning the organizational and operational plans for the proposed gambling operation and related casino enterprises, including, without limitation, the recruitment, employment, supervision, and training of employees, management contracts, and leases.

(m) Other information and documentation as may be required by the board concerning the applicant's plans for providing food and beverage and other concessions, the status of all relevant required governmental and regulatory permits and approvals, and any conditions of all relevant required governmental and regulatory permits and approvals.

(n) The names, business addresses, telephone numbers, and principal contact persons of the applicant's identified suppliers of gaming-related and nongaming-related equipment, goods, and services.

(o) Other information and documentation as may be required by the board concerning the applicant's plans and procedures for extending credit for gambling and the collection of gambling-related debts.

(p) Other information and documentation as may be required by the board concerning all of the following:

(i) The applicant's internal controls.

(ii) Accounting policies and procedures.

(iii) Security and surveillance.

(iv) Other policies and procedures related to the integrity and protection of its assets and proposed gambling operation and the safety of its patrons and the public.

(q) Other information and documentation as may be required by the board concerning any agreements, covenants, or options by the person applying for the casino license or the key persons of the applicant or any holding company or affiliate that has control of the applicant to lease or purchase the actual or proposed site of the applicant's proposed casino and related casino enterprises.

(r) Other information and documentation as may be required by the board concerning any existing or pending applications by the person applying for a casino license, key persons of the applicant, any holding company or



affiliate that has control of the applicant, or other persons required to be qualified as part of the applicant's application for grants, tax abatements or relief, or low- interest loans given or guaranteed by any governmental entity.

(s) Other information and documentation as may be required by the board regarding the types of insurance the applicant has or will obtain, including, without limitation, the following types of insurance:

- (i) Liability.
- (ii) Casualty.
- (iii) Fire.
- (iv) Theft.
- (v) Worker's compensation.

(t) Other confidential information and documentation as may be required by the board from the applicant and other persons required to be qualified as part of the application, including, without limitation, the following:

- (i) Confidential business and financial information.
- (ii) Confidential taxpayer information.
- (iii) Confidential trade secrets related to the conduct of the proposed gambling operation and related casino enterprises, including, without limitation, all of the following with respect to the applicant:
  - (A) Security and surveillance plans.
  - (B) Internal control procedures.
  - (C) Salary structure and payroll.
  - (D) Market research and feasibility studies.
  - (E) Advertising, marketing, and promotional plans.
- (iv) Confidential personal information.

An applicant shall submit information or documentation required by the board which is exempt from public disclosure under the act or which the applicant or filer wishes to be treated as confidential as a separate part of the application under a cover clearly labeled "Confidential Information." An applicant shall submit the information or documentation in the manner and form prescribed by the board.

(u) All required written waivers, assurances, releases and affidavits, which an applicant shall submit in the manner and form prescribed by the board.

(v) A copy of the applicant's certified development agreement.

(w) A statement listing the name, position or title, and business address and telephone number of each individual who completed or prepared any part of the application for the applicant.

(x) The application fee required by the act and these rules.

(y) Other information or documentation that the board may deem material and necessary to establish the identification, eligibility, suitability, and qualification of the applicant or any other person required to be qualified or licensed as part of the application under the licensing standards and requirements of the act and these rules.

History: 1998-2000 AACCS.

**R 432.1307 Public investigative hearing; action on casino license application.**

Rule 307. The requirements for the public investigative hearing and action by the board on a casino license application are as follows:

(a) After the board receives notice from the executive director that the background investigation of the applicant and application has been completed, the board shall schedule and conduct a public investigative hearing regarding the applicant and application, without undue delay, under section 6(7) of the act.

(b) If the board or the executive director, in reviewing the application or as a result of the background investigation, identifies an apparent deficiency that may require denial of the application, then the board shall promptly notify the applicant and the city, in writing, of the apparent deficiency in the application and shall provide the applicant with a reasonable period of time, as determined by the board, to correct the apparent deficiency before scheduling and conducting a public investigative hearing on the application.

(c) The board shall conduct a public investigative hearing in accordance with the procedural requirements for a contested case under Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, except as follows:

(i) The person applying for the license shall at all times have the burden of establishing and demonstrating, by clear and convincing evidence, its eligibility and suitability for licensure under the act and these rules.

(ii) The board shall base its decision to grant or deny a casino license upon the whole record before the board and is not limited to testimony and evidence submitted at the public investigative hearing.

(iii) Only the board and the person applying for the license at issue may be parties at the public investigative hearing, except that the attorney general may intervene and represent the interests of the people of the state of Michigan in accordance with state law.

(d) The board shall provide the person applying for the license with not less than 2 weeks written notice of the public investigative hearing. The notice shall include all of the following information:

(i) A statement of the date, hour, place, and nature of the hearing.

(ii) A statement of the legal authority and jurisdiction under which the hearing is to be held.

(iii) A short and plain statement of the issues involved, and reference to the pertinent sections of the act and rules involved.

(iv) A short description of the order and manner of presentation for the hearing.

(e) Not less than 2 weeks before the hearing, the board shall also post

notice of the public investigative hearing at its business offices in a prominent place that is open and visible to the public.

(f) The board shall also publish reasonable notice of the public investigative hearing in the 2 newspapers that have the largest circulation in the state and in other appropriate newspapers in the state that are selected by the executive director.

(g) The board, 1 or more of its members, the executive director, or 1 or more hearing officers designated and authorized by the board may conduct and preside over the public investigative hearing regarding a casino license application and may do all of the following:

(i) Administer oaths and affirmations.

(ii) Sign and issue subpoenas in the name of the board that require the attendance of witnesses, the giving of testimony by witnesses, and the production of books, papers, notes, records, and other documentary evidence.

(iii) Provide for the taking of testimony for the hearing by deposition.

(iv) Establish and regulate the order of presentation and course of the hearing; set the time and place for continued hearings; and fix the time for filing written arguments, legal briefs, and other legal documents.

(v) Accept and consider relevant written and oral stipulations of fact and law that are made part of the hearing record.

(h) The chair may designate the executive director or 1 or more hearing officers to conduct, or assist the board in the conduct of, the hearing, which may include preparation of a proposal for the board's decision after all testimony and evidence has been presented at the hearing.

(i) The person applying for the license shall be given a full opportunity during the hearing to question and cross-examine witnesses presented by the board, to present all relevant information to the board regarding its application and eligibility and suitability for licensure, and to call witnesses to testify and provide information at the hearing for and on the applicant's behalf. Upon request of the applicant, the board, the executive director, or the board's designated hearing officer or officers shall issue subpoenas requiring the appearance of witnesses whom the applicant intends to call to testify on its behalf at the hearing and requiring the production of relevant notes, papers, memoranda, records, documents, and other materials at the hearing for consideration by the board. The applicant shall be responsible for serving the subpoenas.

(j) The members of the board, the board's designated hearing officer or officers, the executive director, and the assistant attorney general assigned to assist the board in the conduct of the hearing may do all of the following:

(i) Question, through direct examination or cross-examination, or both, the applicant and any witnesses called by the applicant regarding their testimony and any aspect of the applicant's application and relevant background.

(ii) Recall the applicant and other witnesses called by the applicant during the hearing for further questioning.

(iii) Subpoena other witnesses not called by the applicant to testify and present evidence and information regarding the applicant's application and

relevant background.

(k) The board, the executive director, or hearing officer presiding at the hearing may, in the exercise of his or her discretion, grant the applicant an opportunity for rebuttal of allegations raised during the hearing.

(l) After the person applying for the license has made its presentation in support of its application and licensure, representatives of government entities and agencies, and the public at large shall have a reasonable opportunity during the hearing to give testimony and comments relevant to the applicant and application and the issue of licensure. The hearing notice shall state and give notice that opportunity for testimony and comment will be provided during the hearing. The chair or other presiding officer shall announce at the start of the hearing when and how testimony and comments may be presented during the hearing.

(m) A person who testifies at the hearing shall be sworn and testify under oath.

(n) The board may continue the hearing for as long as it deems necessary and may recess and reconvene the hearing at its discretion.

(o) The board shall record the public hearing at its direction, stenographically or by other means to adequately ensure preservation of an accurate record of the hearing. A transcript prepared by a certified reporter or stenographer hired by the board is the official record of the public hearing.

(p) After all testimony and evidence has been presented, the board shall temporarily recess the hearing. While the hearing is in recess, all of the following shall occur:

(i) The hearing record shall be transcribed and provided to the board, the executive director, and the designated hearing officer or officers for review.

(ii) The chair shall prepare, or direct 1 or more members of the board, the executive director, or the designated hearing officer or officers who conducted or assisted the board in the conduct of the hearing, to prepare a written proposal for the board's decision after reviewing the hearing record.

(iii) The proposal for decision shall contain a statement of the reasons for the proposed decision and each finding of fact and conclusion of law necessary to the proposed decision.

(iv) The written proposal for the board's decision shall be submitted to the board for review and consideration, and copies shall be served on the applicant and the city before the board reconvenes the hearing to render its decision.

(v) If the proposal for the board's decision identifies an apparent deficiency that may require denial of the application, then the board shall provide the applicant with a reasonable period of time, as determined by the board, to correct the apparent deficiency before reconvening the hearing to deliberate and render its decision.

(vi) If the proposal for the board's decision is adverse to the applicant, then the board shall give the applicant a reasonable opportunity to file

exceptions and written argument with the board objecting to the proposal for decision.

(q) The board shall reconvene the hearing, without undue delay, after the requirements specified in subdivision (p) of this rule have been completed, to deliberate and render its final decision on the application. If the proposal for the board's decision is adverse to the applicant, then the board may, upon request, permit oral argument in support of, and in opposition to, the proposal for decision when the hearing is reconvened. Four members shall be present when the hearing is reconvened to constitute a quorum, and 3 votes are required to support the board's final decision. The board may accept, modify, or reject the written proposal for the board's decision in deciding and rendering its final decision on the application.

(r) In deciding whether to grant or deny an applicant's casino license application, the board shall consider and determine whether the application complies with the requirements of the act and these rules and whether the applicant and other persons affiliated with, or otherwise associated with, the applicant as an investor, owner, key person, or managerial employee are eligible, qualified, and suitable for licensure under the licensing standards and criteria set forth in the act and these rules relating to all of the following:

- (i) Character.
- (ii) Reputation.
- (iii) Integrity.
- (iv) Business probity, experience and ability.
- (v) Financial ability and responsibility.
- (vi) Other relevant licensing requirements, standards, and criteria provided in the act and these rules.

(s) The decision of the board shall be reduced to writing and signed by the board members who voted in support of the decision.

(t) If the board finds that the casino license applicant is eligible, qualified, and suitable for licensure under the act and these rules, then it shall direct the executive director to serve the applicant and the city with a copy of its decision and to issue a certificate of suitability to the applicant. The certificate entitles the applicant to be granted a casino license by the board when it determines, to its satisfaction, that the applicant is prepared and able to open its proposed casino to the public and conduct its casino gambling operation in compliance with specified conditions and requirements set forth in the certificate of suitability and the requirements of the act and these rules. The public investigative hearing shall be reconvened at a later time for the purpose of determining whether the applicant is prepared and able to open its proposed casino to the public and conduct its casino gambling operation in compliance with specified conditions and requirements set forth in the certificate of suitability and the requirements of the act and these rules.

(u) If the board finds that the applicant is not eligible, qualified, and suitable for licensure under the act and these rules, then it shall direct

the executive director to issue and serve a notice of denial and a copy of the board's written decision on the applicant and the city by certified mail or personal delivery.

(v) An applicant may appeal the denial of a casino license to the court of appeals as provided in the act.

History: 1998-2000 AACS.

### **R 432.1308 Certificate of suitability.**

Rule 308. (1) The certificate of suitability is valid while the holder is making satisfactory progress toward meeting the conditions of the certificate of suitability.

(2) If the board receives a written report from the executive director that the holder of a certificate of suitability is not making reasonable progress toward meeting the conditions of its certificate of suitability, then the board shall reconvene the public investigative hearing for the purpose of considering the applicant's compliance with the conditions of its certificate of suitability.

(3) If, upon reconvening the public investigative hearing, the board finds that the holder of a certificate of suitability is not making, or has not made, reasonable progress toward meeting the conditions of its certificate of suitability, then the board may take whatever action is necessary to assure compliance or may cancel and withdraw the certificate of suitability and make a final decision on the application.

(4) The board shall not issue a casino license to the holder of a certificate of suitability until the board finds that the holder is prepared and able to open to the public and conduct its casino gambling operation in compliance with the conditions and requirements of the certificate of suitability, the act and these rules.

(5) In deciding whether a casino license shall be issued to the holder of a certificate of suitability, the board shall assess the proposed gambling operation to determine its compliance with the conditions and requirements of its certificate, the act, and these rules. All of the following matters shall be assessed by the board:

(a) The managerial structure for gambling operations and casino operations and the managerial experience, ability, skills, and qualifications of key persons and other managerial employees of the gambling and casino operations.

(b) The casino floor plan and related plans and activity regarding equipment installation, operation, and maintenance.

(c) Handicap access.

(d) Support facilities.

(e) The applicant's internal control system and casino accounting policies and procedures.

(f) The applicant's security operations and required casino central computer system.

(g) The applicant's staff training, qualifications, ability, and

supervision.

(h) The applicant's liability insurance and other required insurances.

(i) Casino enterprises and related casino operations.

(j) The applicant's construction progress and compliance with its proposed construction schedule.

(k) Other matters pertaining to the operations and procedures of the gambling and casino operations as the board may require at the time the certificate of suitability is issued, if the casino licensee is given notice and an opportunity to address any board concerns regarding the matters.

(6) The board may establish a schedule setting a timetable for satisfactory compliance concerning all operations and facilities to be assessed and all other conditions and requirements of the certificate of suitability, the act and these rules.

(7) During the interim compliance period, while the certificate of suitability is in effect, the holder shall do all of the following:

(a) Apply for and receive the appropriate liquor license from the Michigan liquor control commission if the holder plans to serve alcoholic beverages or liquor in connection with its gambling operation or related casino enterprises.

(b) Apply for and receive all permits, certificates, and approvals for the casino and related casino enterprises and support facilities necessary to develop, construct, open to the public, and conduct casino and gambling operations in accordance with the act, these rules, and conditions of the certificate of suitability, including, but not limited to, all of the following:

(i) Fire marshal permits.

(ii) Public health permits.

(iii) Building permits.

(iv) Zoning permits.

(c) Obtain ownership or use of necessary land for the site of the casino and related casino enterprises.

(d) Obtain the financing necessary to complete development and construction of the casino and related casino enterprises and conduct casino and gambling operations.

(e) Complete, in a timely manner, construction of the proposed casino and related casino enterprises, infrastructure, and other support facilities, including parking areas, roadways, and walkways, in accordance with the applicant's development agreement with the city and the proposed construction schedule and timetables established by the board.

(f) Post the required bond in compliance with section 8(a) of the act and these rules.

(g) Obtain all insurance deemed necessary and required by the board.

(h) Obtain and install all necessary electronic gaming devices and gaming equipment to conduct the casino gambling operation.

(i) Hire and train qualified staff to conduct all aspects of the casino and gambling operations and related support operations.

(j) Take other action the board deems necessary to ensure that the holder of the certificate of suitability will be prepared and able to open to the public and conduct its casino and gambling operations in compliance with the conditions and requirements of its certificate of suitability, its development agreement, the act and these rules.

History: 1998-2000 AACS.

**R 432.1309 Casino license issuance.**

Rule 309. (1) The holder of the certificate of suitability shall advise the board, in writing, when it believes that it has complied with the conditions of its certificate of suitability and other requirements of the board for granting and issuing of a casino license and is prepared, ready, and able to open to the public and conduct its proposed casino operations and gambling operations in compliance with the certificate, the act and these rules.

(2) Upon receipt of the written notice from the holder of the certificate of suitability specified in subrule (1) of this rule, the executive director or his or her designee shall conduct a thorough inspection of the holder's casino and related casino enterprises, support facilities, casino operations, and gambling operations and then report back to the board, in writing, whether the holder has satisfactorily complied with the conditions and requirements of the board for granting and issuing a casino license to the holder under the certificate, the act, and these rules. The executive director or his or her designee shall also report whether the holder is prepared, ready, and able to open to the public and conduct its proposed casino operation and gambling operations in compliance with the act and these rules.

(3) The executive director shall ensure that a copy of his or her written report to the board is served on the holder of the certificate of suitability and the city.

(4) Upon receipt of the executive director's report, the board shall reconvene the public investigative hearing for purposes of taking further evidence and rendering its final decision on the application.

(5) The board shall place restrictions and conditions on a casino license, including, but not limited to, all of the following:

(a) The licensee shall continue to comply with all agreements it may have with any governmental authority.

(b) The licensee shall post and maintain its required bond in accordance with section 8(a) of the act.

(c) The licensee's gambling operation shall undergo, and successfully complete, a sufficient number and type of practice gambling operations to ensure that the gambling operation is conducted in compliance with the act and these rules.

(d) The licensee shall pay the required annual license fee upon issuance of the casino license.



(e) The licensee shall satisfactorily complete or comply with any uncompleted or noncomplying aspects of its proposed casino and related casino enterprises, support facilities, and casino and gambling operations within specified time frames established by the board.

History: 1998-2000 AACCS.

**R 432.1310 Casino license bond.**

Rule 310. (1) The holder of a certificate of suitability shall post a bond in the sum of \$1,000,000.00 payable to: "State of Michigan," under the requirements of section 8(a) of the act, before a casino license will be issued to the holder.

(2) Unless otherwise required by the board, a casino license bond shall be in compliance with all of the following additional requirements:

(a) A surety bond must be with a surety company that is approved by the board and guaranteed by a guarantor that is approved by the board.

(b) An irrevocable line of credit issued as security for a bond must also be approved by the board.

(c) If the holder of the certificate of suitability plans to post a surety bond, negotiable securities, or irrevocable letter of credit, then the holder shall submit its bond proposal not less than 45 days before the time the bond is to be posted to allow the board sufficient time to investigate and approve the proposed bond and the surety, guarantor, or banking institution that issued the bond and irrevocable letter of credit or negotiable securities guaranteeing payment of the bond.

(d) The bond shall be payable to the state of Michigan as obligee for use in payment of the casino licensee's financial obligations to the state and as security to guarantee that the licensee faithfully makes the payments, keeps its books and records, makes reports, and conducts its casino gambling operation in conformity with the act and these rules.

(e) The bond shall provide that it may be exercised by the state if the licensee fails to substantially comply with its obligations under the act, and these rules.

(f) The bond shall state that it shall run continuously and remain in full force and effect throughout the period during which the license is held, unless the surety cancels the bond by giving the board not less than 30 days' written notice.

(3) The board may demand that a casino licensee post a new bond that complies with the act and subrules (1) and (2) of this rule if any of the following provisions apply:

(a) Liability on the existing bond is discharged or reduced by judgment rendered, payment made, or other situation.

(b) The board determines that any surety, guarantor, irrevocable letter of credit, or other negotiable securities on the old bond are no longer satisfactory and approved.

(c) The board determines that the banking institution that issued the

irrevocable letter of credit or other negotiable securities on the old bond is no longer satisfactory or approved.

- (d) The licensee requests to post a new bond.
- (e) The board receives notice that the bond will be canceled.

History: 1998-2000 AACS.

**R 432.1311 Required insurance.**

Rule 311. (1) A casino licensee shall obtain and maintain insurance necessary to assure that the licensee or holder of a certificate of suitability is adequately insured to protect itself against the potential liabilities of constructing, owning, and operating a casino and related casino enterprises and conducting a gambling operation. A licensee shall obtain and maintain the following types of insurance or reasonable equivalent while holding a casino license:

- (a) Liability insurance.
- (b) Casualty insurance.
- (c) Fire insurance.
- (d) Theft insurance.
- (e) Worker's compensation insurance.

(2) If a licensee, at any time, fails to maintain sufficient insurance while holding a certificate of suitability or a casino license, then the board may initiate disciplinary action against the licensee or holder of a certificate of suitability.

History: 1998-2000 AACS.

**R 432.1312 Casino license renewal.**

Rule 312. (1) The board shall issue a casino license for a 1-year period.

(2) After expiration of the initial casino license, the license may be renewed annually.

(3) The casino license will be renewed by the board if all of the following requirements are met:

(a) Not less than 30 days before expiration of the license, the licensee has submitted the \$25,000.00 annual license renewal fee in the manner and form required by the board.

(b) Not less than 30 days before expiration of the license, the licensee has submitted an annual renewal report to the board. The report shall include, without limitation, a statement requesting renewal of the license and all of the following information regarding the licensee:

(i) If the licensee is a publicly traded corporation regulated by the securities and exchange commission, a current list of all of the following persons to the extent known by the licensee at the time of submitting the report:

- (A) Key persons of the licensee.
- (B) Affiliates and affiliated companies of the licensee.

- (C) The key persons of any person that has control of the licensee.
- (D) Other persons required to be qualified as part of the licensee's request for renewal of the license under the act and these rules.
- (ii) If the licensee is not a publicly traded corporation regulated by the securities and exchange commission, a current list of all of the following persons to the extent known by the licensee at the time of submitting the report:
  - (A) Key persons of the licensee.
  - (B) Affiliates and affiliated companies of the licensee.
  - (C) The key persons of any persons that has control of the licensee.
  - (D) Other persons, other than publicly traded corporations and their 5% or less shareholders, that have more than a 1% direct, indirect, or attributed pecuniary or equity interest in the licensee.
- (iii) To the extent that information has changed or not been previously reported to the board, updated personal, business, and financial information, as the board may require, related to the eligibility, suitability, and general fitness of the licensee to continue to hold the license for which renewal is requested under the act and these rules, including, without limitation, information regarding the identification, integrity, moral character, reputation, and relevant business experience, ability, and probity, and financial experience, ability, and responsibility of the licensee and each person required to be qualified for renewal of the license under the act and these rules.
- (iv) A statement under oath by the licensee's chief executive officer that the information provided in the licensee's annual renewal report is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the act and these rules to notify the board of any change in information provided in its original license application and subsequent annual license renewal reports previously filed with the board.
- (v) Financial statements and reports regarding the current capital structure and financial condition of the licensee indicating the licensee's current financial ability to conduct and maintain its gambling and casino operations in a financially responsible manner in accordance with the requirements of the act and these rules and to satisfy its financial obligations in accordance with the licensee's financing agreements and other contractual obligations. The statements and reports shall be prepared by the licensee in the manner and form prescribed by the board.
- (vi) Other relevant information and documentation that the board may require to determine the licensee's eligibility, suitability, and qualification to have its license renewed under the licensing standards of the act and this part.
- (c) The executive director, after reviewing the licensee's annual renewal report, reports in writing to the board that the licensee's annual renewal report provides all information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to have its casino license renewed and is prepared,

ready, and able to continue conducting its casino gambling operation in compliance with the act and these rules throughout the new 1-year time period for which the license is to be renewed.

(d) The licensee pays the board for any additional background investigation charge assessed by the board, under these rules.

(4) The board may refuse to renew a casino license and issue a notice of nonrenewal if the licensee fails to file its annual renewal report in a timely manner. In addition, the board may refuse to renew a casino license and issue a notice of nonrenewal if the executive director reports, in writing, to the board, after reviewing the licensee's annual renewal report, that the license should not be renewed because the licensee's annual renewal report does not provide the information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to continue to be licensed and to establish that the licensee is prepared, ready, and able to continue conducting its casino gambling operation in compliance with the act and these rules.

(5) The board shall serve a copy of the executive director's report to the board and notice of renewal or notice of nonrenewal issued by the board on the licensee and the city.

(6) A casino licensee who is served with a notice of nonrenewal under this rule may request a hearing under these rules.

(7) Unless specifically stated to the contrary, the notice of nonrenewal shall not constitute a finding by the board that the casino licensee is ineligible, unqualified, or unsuitable for licensure or otherwise in violation of the licensing requirements of the act or these rules, unless the licensee fails to request a hearing under these rules in a timely manner.

(8) If the licensee does not request a hearing in a timely manner, the notice of nonrenewal becomes the final order of the board.

(9) If the licensee files an annual renewal report in a timely manner and in the manner and form prescribed by the board, then the licensee's previous existing casino license shall not expire until the board issues its final decision and order on the request for renewal. If the request is denied or the new license restricted or limited, then the previous existing casino license shall not expire until the last day for applying for judicial review of the board's decision or a later date fixed by order of the reviewing court. This subrule, however, shall not affect a valid action by the board summarily suspending the licensee's previous existing casino license.

History: 1998-2000 AACS.

**R 432.1313 Casino licensee's duty to remain eligible, qualified, and suitable and to disclose material changes.**

Rule 313. (1) To assure compliance with the act and these rules, the board shall continue its investigation throughout the period of licensure for purposes of monitoring and determining whether the licensee continues to be eligible and suitable to hold the license and shall, accordingly, maintain the confidentiality of its investigative files in accordance with section

4c(1)(a) of the act.

(2) A casino licensee has a continuing duty to remain eligible, qualified, and suitable to hold the casino license under the licensing standards, criteria, and requirements of the act and these rules.

(3) Issuance of the casino license does not create a property right. Issuance of the license instead gives to the holder a revocable privilege granted by the state conditioned upon the holder's continuing eligibility, qualifications, and suitability to hold the license under the act and these rules.

(4) A casino licensee and holder of a certificate of suitability shall have a continuing duty to promptly notify the board, in writing, without undue delay, of any material change in the information provided in its application or renewal report or reports and any other change in circumstances reasonably related to its eligibility, qualifications, and suitability to be issued, or continue holding, a casino license under the licensing standards, criteria, and requirements of the act and these rules.

History: 1998-2000 AACS.

**R 432.1314 Required notification of anticipated or actual changes in directors, partners, and officers of casino licensees and holding companies.**

Rule 314. A person that applies for or holds a casino license or a holding company, affiliate, or other person that has control of a person that applies for or holds a casino license shall notify the board, in writing, as soon as is practicable, of the appointment, nomination, election, resignation, incapacitation, or death of any member of, or partner in, its board of directors or partnership or of any officer or key person who is directly involved in the management or conduct of gambling operations or casino operations in Michigan. A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.

History: 1998-2000 AACS.

**R 432.1315 Notification of new financial sources required.**

Rule 315. A person that applies for or holds a casino license or any holding company, affiliate, or person that has control of a person that applies for or holds a casino license shall notify the board, in writing, as soon as practicable, after it becomes aware that it intends to enter into a transaction related in any way to the development and operation of the Michigan casino and related casino enterprises that may result in any new financial backers, investors, mortgages, bondholders, or holders of indentures, notes, or other evidences of indebtedness of the applicant or licensee. A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.

History: 1998-2000 AACS.

**R 432.1316 Notification by publicly traded applicants, licensees, or holding companies required.**

Rule 316. (1) A publicly traded company that applies for or holds a casino license or a publicly traded holding company or affiliate that has control of a casino license applicant or licensee shall notify the board, as soon as practicable after it becomes aware that, with regard to any such publicly traded company, any person or individual has beneficially acquired any of the following:

(a) More than 1% of any class of the company's equity securities.

(b) The ability to control the publicly traded applicant or licensee or the publicly traded holding company or affiliate that has control of a casino license applicant or licensee.

(c) The ability to elect 1 or more directors of the publicly traded applicant or licensee or of the publicly traded holding company or affiliate that has control of a casino license applicant or licensee. To the extent known by the applicant or licensee, the required notification shall include, without limitation, the name, business address, phone number, and other personal identification information for each person or individual.

(2) If a publicly traded casino license applicant or licensee, publicly traded holding company, or a casino license applicant or licensee either files or is served with any schedule 13D, 13G, or 13F filing under the securities exchange act of 1934, 15 U.S.C. § 78 et seq., copies of the filing shall be submitted to the board by the publicly traded casino license applicant, licensee, or holding company within 10 business days after receipt or filing.

(3) A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.

History: 1998-2000 AACS.

**R 432.1317 Qualification of new directors, officers, or other key persons.**

Rule 317. An individual required to be qualified or licensed under the act or these rules by virtue of his or her position with a Michigan casino licensee or related casino enterprise shall not perform any duties or exercise any powers of the position until he or she is determined to be qualified or licensed, or both, or otherwise authorized by the board, under the act and these rules.

History: 1998-2000 AACS.

**R 432.1318 Qualification of new directors and officers of holding company.**

Rule 318. A proposed new director, partner, officer, or key person required to be qualified or licensed under the act or these rules by virtue

of his or her position with a holding company or affiliate that has control of a Michigan casino license applicant or licensee shall not perform any duties or exercise any powers of the position related to Michigan operations until he or she has been determined to be qualified or licensed, or both, or otherwise authorized by the board, under the act and these rules.

History: 1998-2000 AACS.

**R 432.1319 Required notification of formation, dissolution, or transfer of subsidiaries.**

Rule 319. A casino license applicant or licensee, or a holding company or affiliate that has control of a casino license applicant or licensee, shall report, in writing, to the board, as soon as practicable, the formation or dissolution of, or any transfer of, a nonpublicly traded or publicly traded interest in any subsidiary of the casino license applicant or licensee or any subsidiary of any holding company or affiliate that has control of the casino license applicant or licensee that is related in any way to the development, construction, or operation of the applicant's or licensee's Michigan casino or Michigan casino-related enterprises. A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.

History: 1998-2000 AACS.

**R 432.1320 Restriction, revocation, or suspension of casino license.**

Rule 320. A casino license may be revoked, restricted, or suspended by the board if the board initiates disciplinary action against the licensee under part 11 of these rules and determines that the licensee is in violation of the act or these rules or that the action is in the best interests of the state and reasonably necessary and appropriate to protect and enhance the credibility and integrity of casino gambling operations in this state.

History: 1998-2000 AACS.

**R 432.1321 Supplier license required to provide gaming-related goods and services.**

Rule 321. (1) A person shall not supply or provide goods or services to a casino licensee, casino license applicant, or holder of a certificate of suitability which are directly related to gambling, which are directly related to the conduct of gambling activity, or which otherwise directly affect the play and results of gambling games authorized, conducted, and played under the act and these rules, unless the person holds a supplier's license. In determining whether a person is required to be licensed as a supplier under this rule, the board shall consider, without limitation,

whether the person meets one or more of the following criteria:

(a) The person manufactures, supplies, or distributes devices, machines, equipment, items or articles that meet any of the following provisions:

(i) Are specifically designed for use in the conduct of gaming.

(ii) Are needed to conduct gaming.

(iii) Have the capacity to affect the outcome of the play of a gambling game.

(iv) Have the capacity to affect the calculation, storage, collection, or control of gross receipts.

(b) The person services or repairs electronic or live gambling devices, machines, equipment, items, or articles used in gaming.

(c) The person provides services directly related to the operation, security, surveillance, regulation, or management of gaming in a casino.

(d) The person provides other goods or services determined by the board to be so utilized in, or incident to, the operation of a casino or gaming that the person must be licensed as a supplier to protect the public and enhance the credibility and integrity of gaming in Michigan.

(2) The following persons shall be licensed under the criteria specified in subrule (1) of this rule:

(a) Manufacturer, supplier, distributor, servicer, or repairer of any of the following:

(i) Slot machines.

(ii) Electronic gaming devices and machines.

(iii) Cards.

(iv) Dice.

(v) Gaming chips.

(vi) Gaming plaques.

(vii) Slot tokens.

(viii) Prize tokens.

(ix) Dealing shoes.

(x) Drop boxes.

(xi) Computerized gaming monitoring systems.

(xii) Bill exchangers.

(xiii) Credit voucher machines.

(xiv) Other devices, machines, equipment, items, or articles utilized in gaming.

(b) A provider of casino credit reporting services and casino surveillance and security systems and services.

History: 1998-2000 AACS.

### **R 432.1322 Supplier license requirements for providers of nongaming-related goods and services.**

Rule 322. (1) A person shall not, on a regular and continuing basis, supply or provide goods or services to a casino licensee, casino license applicant, or holder of a certificate of suitability regarding the realty,



construction, maintenance, operation or business of a casino or casino enterprise if the goods or services are not directly related to, used in connection with, or affect, gaming, unless the person holds a supplier's license.

(2) A person required to be licensed under this rule shall include, without limitation, a person who provides any of the following goods and services to casino licensees, casino license applicants, or holders of certificates of suitability on a regular and continuing basis:

(a) Alcoholic beverages, food and nonalcoholic beverages, gaming table layouts, and nonvalue gaming chip sorters.

(b) Garbage handling and pickup, vending machines, linen supplies, laundry services, landscaping, janitorial and building maintenance services.

(c) The management and operation of casino enterprises and junket enterprises.

(d) Limousine services.

(e) Real estate and building and construction services.

(f) Junket representatives.

(3) A person shall be deemed to be transacting business with, and providing the nongaming-related goods and services specified in subsections (1) and (2) of this rule, to a casino licensee or holder of a certificate of suitability on a regular and continuing basis, if the total dollar amount of the nongaming-related business transactions with 1 licensee or holder of a certificate of suitability will be equal to or greater than \$200,000.00, or equal to or greater than \$400,000.00 with 2 or more licensees or holders of certificates of suitability, within a 12-month period. If the contractual relationship between the supplier and the casino licensee or licensees or holder or holders of a certificate or certificates of suitability, or both, does not permit the supplier to determine, in the reasonable exercise of commercial business judgment, whether the supplier will meet the monetary threshold provided in this subsection, then the supplier shall have the affirmative duty to monitor its total dollar amount of business with a casino licensee or licensees or holder or holders of a certificate or certificates of suitability, or both. If the monetary threshold is met, then the supplier shall either apply for a supplier's license within 30 days of meeting the monetary threshold or cease doing business with the casino licensee or licensees or holder or holders of a certificate or certificates of suitability. If a supplier does not comply with the provisions of this subrule, then the board shall notify the casino licensee or licensees or holder or holders of a certificate or certificates of suitability, or both, of the supplier's noncompliance and the casino licensee or licensees or holder or holders of a certificate or certificates of suitability, or both, shall immediately terminate their contractual service/supply relationship with the supplier.

(4) The board may exempt any person or field of commerce from the supplier licensing requirements of these rules if the board determines that any of the following provisions apply to the person or field of commerce:

- (a) The person or field is an agency of state, local, or federal government.
- (b) The person or field is regulated by another regulatory agency in Michigan.
- (c) The person or field will provide goods or services of insubstantial or insignificant amounts or quantities.
- (d) Licensing of the person or field is not deemed necessary to protect the public interest or accomplish the policies and purposes of the act.

History: 1998-2000 AACS.

**R 432.1323 Prohibited transactions with unlicensed suppliers.**

Rule 323. A casino licensee, casino license applicant, or holder of a certificate of suitability shall only purchase, lease or otherwise acquire goods or services covered by these rules from a person who holds a supplier's license.

History: 1998-2000 AACS.

**R 432.1324 Supplier's license application.**

Rule 324. (1) A person applying for a supplier's license and a person required to be qualified as part of the application shall complete and submit application and disclosure forms in the manner and form prescribed by the board. The application and disclosure forms shall be made under oath on prescribed forms provided by the board and shall contain all information prescribed and required by the board.

(2) Application procedures for a supplier's license are as follows:

(a) Upon application, an applicant shall assume and accept, in writing, under oath, all risk of adverse publicity, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with the application process or the public disclosure of information submitted with the application.

(b) Upon application, an applicant shall also expressly waive and give up, in writing, under oath, all claims for damages that may result from the application and licensing process.

(c) Upon application, an applicant shall also consent, in writing, under oath, to being subject to the inspections, investigations, audits, searches, and seizures in section 4a(1)(c)(i) to (v) of the act for the duration of the supplier's license for which application is made, if the license is issued.

(d) Upon application, an applicant shall also authorize and consent, in writing, under oath, to release and disclose to the board and its authorized representatives and agents all otherwise confidential records of the applicant that the board requests from the applicant or from third parties, including, without limitation, tax records and financial records held by a federal, state, or local governmental agency, a credit bureau, or a financial institution while applying for, or while holding, a supplier's license under the act and these rules. The applicant and licensee shall also authorize and

consent, in writing, under oath, to board disclosure in accordance with section 4(c)(5) of the act.

(e) The board shall use the information provided in the prescribed application and disclosure form as a basis for an appropriate background investigation, which the board shall conduct on each applicant, and for evaluating and determining the eligibility, qualifications, and suitability of the applicant to receive the license for which application is made. The board shall make the evaluation and determination under the licensing standards and criteria provided in the act and rules of the board.

A misrepresentation or omission in the application is cause for denial, suspension, restriction, or revocation of a license by the board.

(f) A person applying for a supplier license shall provide the name, address, and telephone number of a representative to act as a liaison to the board and to Michigan state police background investigators, and shall facilitate, assist, and cooperate with, the board and the state police in their conduct of background investigations under the act and these rules.

(g) The board shall not issue a supplier's license or renewal unless the person applying for the license, and each person required to be qualified as part of the application for issuance or renewal of the license, has completed and filed, with the board, all required applications, license renewal reports, and disclosure forms, in the manner and form prescribed by the board, and has provided all information, documentation, assurances, waivers, and releases required by the act and these rules.

(h) An applicant shall file all required application forms before the expiration of deadlines established and published by the board.

(i) An applicant is under a continuing duty to disclose any material changes in the information or documentation provided in or with the application, renewal, and disclosure forms submitted to the board.

(j) A person applying for a supplier license shall request amendment of its application when it knows, or should have known, that there has been a change in any of the following:

(i) The applicant's key persons or the key persons of any holding company or affiliate that has control of the applicant.

(ii) The type of business organization or entity.

(iii) A holding company or affiliate.

(iv) More than a 5% change in the capitalization or a 1% change in the debt-to-equity ratio.

(v) Investors or debt holders, or both.

(vi) Source of funds.

A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements provided in R 432.1406.

(k) A supplier's license application may be withdrawn upon written notice to the board before board action on the application if all background investigation costs of the board have been paid in full by the person applying for a supplier license.

(l) If a supplier's license application is withdrawn, then the person who made the application for the license may not reapply for a license within 1 year from the date withdrawal was granted without leave of the board.

(m) The board may allow information, documents, or other materials submitted by an applicant in a withdrawn application to be incorporated by reference into a subsequent application.

(n) The board shall not process an application for a supplier's license unless the person making the application has a written agreement with, or written statement of intent from, a casino licensee, casino license applicant, or holder of a certificate of suitability providing or stating that the applicant will be supplying certain types of goods and services to the casino licensee, casino license applicant, or holder of the certificate of suitability upon receiving a supplier's license.

(3) A supplier's license application shall require that the person applying for the license and a person required to be qualified as part of the application submit all of the following information and documentation on forms prescribed by the board:

(a) The name of the person applying for a supplier license and any holding company or affiliate that has control of the applicant and the person's, company's, or affiliate's respective business address, phone number, federal identification number, and Michigan taxpayer identification number.

(b) To the extent known and identified by the applicant, the identity and home and business addresses and phone numbers of the key persons of the person applying for a supplier license, of a holding company or affiliate that has control of the applicant, and of any other person required to be qualified as part of the applicant's application under the act and these rules.

(c) Applications and disclosure forms completed by the person applying for a supplier license and by the key persons of the applicant, a holding company or affiliate that has control of the applicant, and any other identified person required to be qualified as part of that applicant's application. The applications and disclosure forms shall contain all information and documentation that the board requires to determine the eligibility, qualifications, and suitability of each person under section 7a(4) and (5) of the act, including, without limitation, all of the following information and documentation for each person:

(i) Copies of all filings which are required by the securities and exchange commission and which are issued and filed by the applicant, a holding company, or an affiliate that has control of the applicant during the 2 preceding fiscal years.

(ii) All of the following properly executed documents in the manner and form prescribed by the board:

(A) Consents to inspections.

(B) Searches and seizures.

(C) Waivers of liability for disclosures of information.

(D) Consents to examination of confidential accounts and records.

(iii) Photographs and fingerprints of each individual person required to be qualified as part of the application. The photographs and fingerprints shall be taken at a time and place designated by the executive director. Photos that have been taken within 90 days of submitting an application may be sent with the applicable disclosure form to fulfill the photo requirement.

(iv) All of the following information for each individual person required to be qualified as part of the application:

(A) Name.

(B) Aliases and nicknames.

(C) Date of birth.

(D) Physical description.

(E) Citizenship.

(F) Marital history and family data.

(G) Home and business addresses and phone numbers.

(H) Federal tax identification number.

(I) Michigan tax identification number.

(J) Social security number.

(v) Personal, business, and financial information relevant to the moral character, reputation, integrity, business probity, experience and ability, and financial experience, stability, and responsibility of the person applying for a supplier license and each person required to be qualified as part of the application.

(vi) A listing of the jurisdictions in which the person applying for a supplier license and each person required to be qualified as part of that application holds or has held a supplier license or other gaming-related license.

(vii) Information regarding any previous civil litigation that involves the business practices of, or criminal arrests, charges, or dispositions involving, the person applying for a supplier license and each person required to be qualified as part of the application.

(viii) Information regarding the incorporation, partnership, or other business structure and organization of the person applying for the supplier license and the applicant's key persons and any holding company or affiliate that has control of the applicant.

(ix) Information regarding the equipment, goods, and services that the person applying for a supplier license will provide or supply to casino licensees or casino license applicants, including, without limitation, information regarding inventory, prices, and the knowledge, skill, education, training, and experience of the applicant and the managerial employees and sales and service representatives who will represent the applicant and conduct its business in Michigan.

(x) Information regarding any previous bankruptcy proceedings filed by or against the person applying for a supplier license or any other person required to be qualified as part of the application.

(xi) Information regarding any previous formal legal proceedings to adjust, deter, suspend, or otherwise work out payment of any debt owed by the person

applying for a supplier license or any other person required to be qualified as part of the application.

(xii) Information regarding any present or previous tax delinquency or complaints, notices, or liens filed against the person applying for a supplier license, or any other person required to be qualified as part of the application, for nonpayment of local, state, or federal taxes and fees.

(xiii) Information regarding any previous violation of, or noncompliance with, supplier licensing or regulatory requirements in Michigan or any other jurisdiction by the person applying for a supplier license or any other person required to be qualified as part of the application.

(xiv) Information regarding any previous violation of, or noncompliance with, any other licensing and regulatory requirements involving other regulated gaming or nongaming-related activity in Michigan or any other jurisdiction by the person applying for a supplier license or any other person required to be qualified as part of the application.

(xv) Information regarding whether the person applying for a supplier license or any other person required to be qualified as part of the application has ever held a supplier license or other gaming-related license that was restricted, suspended, or revoked in Michigan or any other jurisdiction.

(xvi) To the extent known by the person applying for the supplier license, information regarding any political contributions, loans, donations, or payments made by the applicant, any other person required to be qualified as part of the application, or the applicant's or other person's respective spouses, parents, children, or spouses of children to a candidate within 1 year before submitting the application.

(xvii) Other information which is required by the board regarding the person applying for a supplier license and any other person required to be qualified as part of the application and which is deemed necessary by the board to protect the public and enhance the credibility and integrity of gaming in Michigan and to properly evaluate the applicant's eligibility, qualifications, and suitability to be licensed as a supplier under the act and these rules.

History: 1998-2000 AACS.

#### **R 432.1325 Supplier temporary license.**

Rule 325. (1) Upon written request of a person applying for a supplier license, the executive director may issue a temporary license to the applicant and permit the applicant to conduct business transactions with, and provide goods and services to, casino licensees, casino license applicants, and holders of certificates of suitability, if all of the following provisions are complied with:

(a) A completed application, an application fee, and all required disclosure forms and other required written documentation and materials have been submitted by the applicant.

(b) Preliminary review of the application and a criminal history check by the executive director and the Michigan state police does not reveal that the applicant or the applicant's affiliates, key persons, local and regional managerial employees or sales and service representatives, or substantial owners have been convicted of a felony or misdemeanor that would require denial of the application or may otherwise be ineligible, unqualified, or unsuitable to permit licensure under the act or these rules.

(c) There is no other apparent deficiency in the application that may require denial of the application.

(d) The applicant has an agreement to begin providing goods and services to a casino licensee, casino license applicant, or holder of a certificate of suitability upon receipt of the supplier temporary license or the applicant shows good cause for being granted a temporary license.

(2) A temporary license issued under this rule is valid for not more than 90 days, but may be renewed upon expiration by the executive director if the provisions of subrule (1)(a) to (d) of this rule are satisfied.

(3) An applicant who receives a supplier temporary license under this rule may supply casino licensees, casino license applicants, and holders of certificates of suitability with goods and services subject to these rules until a supplier license is issued by the board pursuant to the applicant's application or until the temporary license expires or is suspended or revoked. During the period of the temporary license, the supplier applicant shall supply goods and services in compliance with the act and these rules.

(4) If the temporary license expires, is not renewed, or is suspended or revoked, then the executive director shall immediately forward the applicant's application for a supplier license to the board for action on the application after first providing a reasonable time period for the applicant to correct any apparent deficiency in its application that may require denial of the application.

History: 1998-2000 AACCS.

#### **R 432.1326 Supplier license issuance; standards and criteria.**

Rule 326. A person that is required to be licensed as a supplier under the act and these rules shall, before issuance of a supplier's license, produce such information, documentation, and assurances in its application to establish all of the following by clear and convincing evidence:

(a) The applicant and all other persons required to be qualified as part of the application are eligible, qualified, and suitable for licensure under the licensing standards, criteria, and requirements set forth in section 7(a) of the act and these rules.

(b) The financial stability and responsibility of the applicant.

(c) The applicant, if an individual, and all other individuals required to be qualified as part of the application are not less than 21 years of age.

(d) The applicant and all other persons required to be qualified as part of the application demonstrate a level of skill, experience, knowledge, and

ability necessary to supply the equipment, goods, or services that the applicant seeks permission to provide to casino licensees, casino license applicants and holders of certificates of suitability in compliance with the act and these rules.

(e) The applicant and all other persons required to be qualified as part of the application have not been convicted of any criminal offense involving gaming, theft, dishonesty, or fraud in any jurisdiction.

(f) The applicant and all other persons required to be qualified as part of the application do not appear on the exclusion list of any jurisdiction.

(g) The applicant and all other persons required to be qualified as part of the application are in substantial compliance with all local, state, and federal tax laws.

(h) The applicant has adequate liability and casualty insurance.

History: 1998-2000 AACS.

#### **R 432.1327 Supplier license application; board action.**

Rule 327. The board shall take the following action on an application for a supplier license:

(a) After the completion of the background investigation, the executive director shall report to the board, in writing, regarding the staff's background investigation of the applicant. Upon receipt of the executive director's report, the board shall grant or deny the application.

(b) If the board grants the application, it shall direct the executive director to issue a supplier license upon the payment of the annual licensing fee. If the applicant's annual licensing fee is not received by the board within 14 days after the date of the mailing of the notification of the applicant's suitability for licensure to the applicant, then the board shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.

(c) If the board denies the application, then it shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.

(d) A notice of denial does not constitute a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed unless the applicant fails to request a hearing in a timely manner under part 7 of these rules to contest the denial. If a request is not made in a timely manner, then the notice of denial becomes the final order of the board.

History: 1998-2000 AACS.

#### **R 432.1328 Denied license; reapplication.**

Rule 328. (1) A person whose application for a supplier license has been denied may not reapply for a supplier license for a period of 1 year from the date on which the board voted to deny the application unless the board allows reapplication at an earlier date.



(2) A person whose application for a suppliers license was denied may seek leave of the board to reapply within the 1-year period by addressing the request to the board. The board may require the applicant to present oral or written argument outlining why an exception should be made.

History: 1998-2000 AACS.

**R 432.1329 Required insurance.**

Rule 329. (1) A supplier licensee shall obtain and maintain insurance necessary to assure that the licensee is adequately insured to protect itself against the potential liabilities associated with holding a supplier license or conducting business as a supplier.

(2) If the licensee fails to maintain sufficient insurance while holding a supplier license, then the board may initiate disciplinary action against the licensee.

History: 1998-2000 AACS.

**R 432.1330 Renewal of supplier license.**

Rule 330. (1) A supplier license shall be issued for a 1-year period.

(2) After expiration of the initial supplier license, the license may be renewed annually.

(3) A supplier license will be renewed by the board if all of the following requirements are met:

(a) The licensee submits the \$5,000.00 annual license renewal fee, in the manner and form required by the board, not less than 30 days before expiration of the license.

(b) The licensee has submitted an annual renewal report to the board, in the manner and form prescribed by the board, not less than 30 days before expiration of the license. The report shall include, without limitation, a statement requesting renewal of the license and all of the following information regarding the licensee:

(i) If the licensee is a publicly traded corporation regulated by the securities and exchange commission, a current list, to the extent known by the licensee at the time of submitting the report, of all key persons, affiliates and affiliated companies, the key persons of any person that has control of the licensee, and the identity of all other persons required to be qualified as part of the licensee's request for renewal of the license under the act and these rules.

(ii) If the licensee is not a publicly traded corporation regulated by the securities and exchange commission, a current list, to the extent known by the licensee at the time of submitting the report, of all key persons, affiliates and affiliated companies of the licensee, the key persons of any persons that have control of the licensee, and all other persons, other than publicly traded corporations and their 5% or less shareholders, that have more than a 1% direct, indirect, or attributed pecuniary or equity interest

in the licensee.

(iii) To the extent that information has changed or has not been previously reported to the board, updated personal, business, and financial information, as the board may require, related to the eligibility, suitability, and general fitness of the licensee under the act and these rules to continue to hold the license for which renewal is requested. The information shall include, without limitation, changes regarding the identification, integrity, moral character, reputation, and relevant business experience, ability and probity, and financial experience, ability, and responsibility of the licensee and each of the persons required to be qualified for renewal of the license under the act and these rules.

(iv) A statement under oath by the licensee's managing officer or director that the information provided in the licensee's annual renewal report is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the act and these rules to notify the board of any change in information provided in its original license application and subsequent annual license renewal reports previously filed with the board.

(v) Financial statements and reports regarding the current capital structure and financial condition of the licensee, prepared by the licensee in the manner and form prescribed by the board, indicating the licensee's current financial ability to conduct and maintain its supplier business in a financially responsible manner, in accordance with the requirements of the act and these rules, and satisfy its financial obligations in accordance with financing agreements and other contractual obligations.

(vi) Other information and documentation that the board may require to determine the licensee's eligibility, suitability, and qualification to have its license renewed under the licensing standards of the act and this part.

(c) The licensee pays the board for any additional background investigation charge assessed by the board under these rules.

(4) The executive director, after reviewing the licensee's annual renewal report, reports, in writing, to the board, that the licensee's annual renewal report provides all information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to have its supplier license renewed and that the licensee is prepared, ready, and able to continue providing goods and services to casino licensees, casino license applicants, or holders of certificates of suitability in compliance with the act and these rules throughout the new 1-year time period for which the license is to be renewed.

(5) The board may refuse to renew a supplier license and issue a notice of nonrenewal if the licensee fails to file its annual renewal report in a timely manner or if the executive director reports, in writing, to the board, after reviewing the licensee's annual renewal report, that the license should not be renewed because the licensee's annual renewal report does not provide the information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, or suitable to continue to be licensed and that the licensee is prepared, ready, and able

to continue providing goods and services to casino license applicants, holders of certificates of suitability, and casino licensees in compliance with the act and these rules.

(6) A supplier licensee who is served with a notice of nonrenewal under this rule may request a hearing under these rules.

(7) Unless specifically stated to the contrary, the notice of nonrenewal shall not constitute a finding by the board that the supplier licensee is ineligible, unqualified, or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or rules of the board, unless the licensee fails to request a hearing under these rules in a timely manner.

(8) If the licensee does not request a hearing in a timely manner, then the notice of nonrenewal becomes the final order of the board.

(9) If the licensee files an annual renewal report in a timely manner and in the manner and form prescribed by the board, then the licensee's previous existing supplier license does not expire until the board issues its final decision and order on the renewal. If renewal is denied or the new license is restricted or limited, then the previous existing supplier license does not expire until the last day for applying for judicial review of the board's decision or a later date fixed by order of the reviewing court. This subrule, however, shall not affect a valid action by the board summarily suspending the licensee's previous existing supplier license.

(10) A copy of the executive director's report to the board and notice of renewal or notice of nonrenewal issued by the board shall be served on the licensee and the city.

History: 1998-2000 AACS.

**R 432.1331 Occupational license requirement; license classes; application; exemptions.**

Rule 331. (1) An individual employed by a Michigan casino licensee or a Michigan supplier licensee whose work duties are related to, or involved in, the gambling operation or are performed in a restricted area of a casino or in the gaming area of a casino in Michigan shall hold an occupational license of the level required for the individual's position before the individual may perform any of the duties of his or her position.

(2) This rule applies to both full-time and part-time employees.

(3) The 3 different classes of occupational licenses that an employee may hold are as follows:

(a) Occupational license, level 1, the highest level of occupational license.

(b) Occupational license, level 2.

(c) Occupational license, level 3.

(4) An occupational licensee may perform any work duties or activities

included within the level of occupational license held by the licensee and included in any lower level of occupational license.

(5) The board shall not process an application for an occupational license unless the application includes a written statement from an applicant for or holder of a casino or supplier license that the applicant has been or will be hired upon receiving the appropriate occupational license for which application is made.

(6) The board may exempt any person from the occupational licensing requirements of these rules if the board determines that the person is regulated by another governmental agency or that licensing is not deemed necessary to protect the public interest or accomplish the policies and purposes of the act.

History: 1998-2000 AACS.

### **R 432.1332 Occupational license, level 1.**

Rule 332. An individual who will be employed by a casino licensee or supplier licensee in a position that includes any of the following responsibilities or authority, regardless of job title, shall hold, before employment, a current and valid level 1 occupational license or a valid temporary level 1 occupational license issued under these rules:

(a) The supervision of specific areas or departments related to, or involved in, the gambling operation, including, without limitation, a person who does any of the following:

(i) Functions as a casino shift manager.

(ii) Functions as a pit boss.

(iii) Functions as a poker shift supervisor.

(iv) Functions as a slot shift manager.

(v) Supervises the repair and maintenance of slot machines and bill changers.

(vi) Supervises surveillance investigations or the operation of the surveillance department during a shift.

(vii) Supervises security investigations or the operation of the security department during a shift.

(viii) Functions as a cage manager.

(ix) Supervises the operation of the cashiers' cage, table games cage, or slot machine cage during a shift.

(x) Supervises the hard count room or soft count room.

(xi) Supervises the patron check collection unit.

(xii) Functions as a keno manager or keno supervisor.

(b) The authority to develop or administer policy or long-range plans or to make discretionary decisions regulating gambling operations, including, without limitation, a person who does any of the following:

(i) Functions as a director, officer, or comparable noncorporate employee of the casino licensee or supplier licensee.

(ii) Functions as a casino manager;

- (iii) Functions as a slot department manager.
- (iv) Functions as a director of surveillance.
- (v) Functions as a director of security.
- (vi) Functions as a controller.
- (vii) Functions as a credit manager.
- (viii) Functions as an audit department executive.
- (ix) Functions as a management information system department manager.
- (x) Manages a marketing department.
- (xi) Functions as an assistant manager of a casino department.
- (xii) Manages casino administrative operations.
- (xiii) Has authority to authorize the issuance of patron credit or cash compliments in the amount of \$10,000.00 or more.
- (xiv) Functions as an audit manager.
- (xv) Supervises a person required to hold an occupational license, level 1.
- (c) The authority to develop or administer policy or long-range plans or to make discretionary decisions regulating the management of a casino enterprise and other casino operations including, without limitation, a person who does any of the following:
  - (i) Manages the operation of a hotel.

- (ii) Manages the nongaming entertainment activities of the casino licensee.
- (iii) Manages the food and beverage operations of the casino licensee.
- (iv) Manages the personnel and human resource activities of the casino licensee.

History: 1998-2000 AACS.

**R 432.1333 Occupational license, level 2.**

Rule 333. An individual who will be employed by a casino licensee or supplier licensee and whose employment duties predominantly involve the maintenance, servicing, repair, or operation of gambling games, gaming, gaming machines, devices or equipment, or assets associated with the casino licensee or supplier licensee, or regularly requires work in a restricted casino area shall hold, before employment, a current and valid occupational license, level 2, unless required to hold an occupational license, level 1, including, without limitation, a person who is or does any of the following:

- (a) Functions as a dealer.
- (b) Functions as a boxperson.
- (c) Functions as a floorperson.
- (d) Performs under the supervision of an audit department manager, the duties and responsibilities of the internal audit department, including, without limitation, all of the following:
  - (i) The supervision of internal audit department personnel.
  - (ii) The monitoring of compliance with regulations and internal controls.

- (iii) The evaluation of the adequacy of accounting and administrative control.
- (e) Performs under the supervision of a controller, the duties and responsibilities of the casino accounting department, including, without limitation, all of the following:
  - (i) The supervision of personnel in the casino accounting department.
  - (ii) Overseeing the review, verification, and recordation of casino revenue journal entries.
  - (iii) The processing or control of active accounting documents related to casino gaming activity.
- (f) Has access to active accounting documents related to casino gaming activity.
- (g) Conducts surveillance investigations and operations.
- (h) Repairs and maintains slot machines and bill changers.
- (i) Assists in the operation of slot machines and bill changers, including, without limitation, a person who participates in manual jackpot payouts and fills payout reserve containers, or who supervises such persons.
- (j) Participates in the operation of keno wagering.
- (k) Identifies persons or groups of patrons to receive complimentaries based on actual patron play, authorizes complimentaries, or determines the amount of the complimentaries.
- (l) Analyzes casino operations data and makes recommendations to managerial employees relating to, without limitation, all of the following:
  - (i) Casino marketing.
  - (ii) Complimentaries.
  - (iii) Junkets.
  - (iv) Gaming.
  - (v) Keno wagering.
  - (vi) Special events.
  - (vii) Promotions.
  - (viii) Player ratings.
- (m) Enters data in gaming-related computer systems or develops, maintains, installs, or operates gaming-related computer software systems.
- (n) Collects and records patron checks and personal checks that are dishonored and returned by a bank.
- (o) Develops marketing programs to promote casino gaming including, without limitation, coupon redemption and other complimentary distribution programs.
- (p) Distributes, redeems, accounts for, or inventories coupons that are considered in the calculation of gross revenue.
- (q) Processes or maintains information on credit applications or the redemption of counter checks.
- (r) Processes coins, currency, gaming chips, gaming plaques, slot tokens or cash equivalents.
- (s) Repairs or maintains the closed circuit television system equipment that is required by these rules.
- (t) Is being trained to become a surveillance employee.

(u) Provides physical security in a casino, casino simulcasting facility or restricted casino area.

(v) Controls and maintains the slot machine inventory, including replacement parts, equipment and tools used to maintain slot machines.

(w) Performs as the secretary to the supervisor of the surveillance department, internal audit department, casino accounting department or credit department.

(x) Repairs gaming equipment other than slot machines.

(y) Performs responsibilities associated with the installation, maintenance or operation of computer hardware for casino computer systems.

(z) Supervises a person required to be licensed as a casino employee.

(aa) An employee of a casino gambling operation whom the board deems necessary to be licensed to ensure compliance with the act and these rules and to protect the public and ensure the credibility and integrity of gaming in the state.

History: 1998-2000 AACS.

#### **R 432.1334 Occupational license, level 3.**

Rule 334. An individual who will be employed by a casino licensee or supplier licensee and whose employment duties do not require a level 1 or level 2 occupational license, but are performed in the casino gaming area or affect gambling operations, shall hold, before employment, a current and valid occupational license, level 3, including, without limitation, a person who is or does the following:

(a) Serves food or beverages in the casino gaming area to gaming patrons.

(b) An employee of a casino licensee or supplier licensee whom the board requires to be licensed to ensure compliance with the act and these rules and to protect the public and ensure the integrity and credibility of gaming in the state.

History: 1998-2000 AACS.

#### **R 432.1335 Management of gambling operations.**

Rule 335. A person who applies for and holds a level 1 occupational license to manage gambling operations at a casino may manage gambling operations for only 1 casino licensee.

History: 1998-2000 AACS.

#### **R 432.1336 Applications for occupational licenses.**

Rule 336. (1) An applicant for an occupational license, level 1 or level 2, shall complete and submit an application and personal disclosure form to the board.

The applicant shall submit the application and disclosure form in the manner and form prescribed by the board at the board's principal office in Ingham county, Michigan, or other location specified by the board. The application and personal disclosure forms prescribed by the board may require the applicant to provide any of the following information and documents with respect to the applicant:

- (a) Name, including any aliases or nicknames.
- (b) Date of birth and copy of his or her birth certificate.
- (c) Physical description.
- (d) Current address and residence history.
- (e) Social security number.
- (f) Citizenship and, if applicable, information regarding resident alien status.
- (g) Marital history, dependents, and other family data.
- (h) The casino licensee, supplier licensee, or applicant with whom the applicant is associated or employed, and the nature of the applicant's position with or interest in the licensee or applicant.
- (i) Current home and business or work telephone numbers.
- (j) Employment history of the applicant and the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship.
- (k) Education and training.
- (l) Record of military service.
- (m) Government positions and offices presently and previously held, and offices, trusteeships, directorships, or fiduciary positions presently or previously held with any business entity.
- (n) Other trusteeships or fiduciary positions presently or previously held by the applicant or the applicant's spouse or immediate family, or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship, and any denial, suspension, or removal from a trusteeship or fiduciary position.
- (o) Current or recent memberships in any social, labor, or fraternal union, club, or organization.
- (p) Licenses and other government permits or approvals presently and previously held by the applicant or the applicant's spouse or other members of the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship in this state and any other jurisdiction and any related history of compliance and disciplinary action regarding the licenses.
- (q) A denial, suspension, or revocation by a government agency of any license, permit, or certification held by, or applied for by, the applicant or the applicant's spouse or immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or



control the applicant by reason of business, financial, personal, or social association or relationship, or by any entity in which the applicant or the applicant's spouse or other member of the applicant's immediate family was a director, officer, partner, or owner of a 5% or greater interest.

(r) An applicant's, applicant's spouse's, or an applicant's immediate family member's, present or previous interest in, or employment with, an entity that has applied for a license, permit, certificate, or finding of qualification or suitability in connection with a gambling or alcoholic beverage operation in this state or any other state.

(s) Criminal history of the applicant and the applicant's immediate family or any other person the board determines is, or was in the past four years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship.

(t) History of civil litigation and any other civil or administrative proceedings in which the applicant, the applicant's immediate family, or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship were parties.

(u) Political contributions by the applicant, the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship to state and local candidates within 1 year of the application.

(v) All of the following financial information for the applicant and for the applicant's spouse and dependents:

(i) Statement of assets and liabilities and net worth.

(ii) Bank accounts.

(iii) Loans.

(iv) Notes.

(v) Real estate interests.

(vi) Mortgages and liens.

(vii) Life insurance.

(viii) Pension funds.

(ix) Real estate and income tax payables.

(x) Vehicles.

(xi) Other assets.

(w) Copies of local, state, and federal tax returns of the applicant.

(x) Judgments and petitions for bankruptcy or insolvency concerning the applicant or any business entity in which the applicant held a 5% or more interest, other than a publicly traded company, or in which the applicant served as an officer or director.

(y) A garnishment or attachment of wages, charging order or voluntary wage execution, or other formal proceedings to adjust, defer, suspend, or otherwise work out the payment of a debt of the applicant.

(z) Information as to whether the applicant has failed to pay, in a timely manner, any present or previous local, state, or federal taxes that are or

were delinquent for any time period.

(aa) Life insurance policies on the applicant's life naming someone other than the applicant's family as beneficiary.

(bb) Whether the applicant has ever been bonded for any purpose or has been denied any type of bond and the reasons for the denial.

(cc) Other confidential financial and business information.

(dd) The information specified and required by the act, including a photograph and 2 sets of fingerprints of the applicant taken at a time or place, or both, specified by the board.

(ee) All required waivers and affidavits prescribed by the board.

(ff) Other information or documents that the board deems necessary and relevant to determine the applicant's identity, eligibility, qualifications, and suitability for licensure under the act or these rules.

(2) An applicant for an occupational license, level 3, shall complete and submit 1 copy of an application to the board. The applicant shall submit the application in the manner and form prescribed by the board. The board may require the applicant to provide any of the following information and documents:

(a) The applicant's name, including any aliases or nicknames.

(b) Date of birth.

(c) Physical description.

(d) Current address and residence history.

(e) Social security number.

(f) Employment history.

(g) Education and training.

(h) Criminal history.

(i) Previous bankruptcies of the applicant and garnishments, attachments, charging orders, or other formal proceedings to adjust, defer, suspend, or otherwise work out the payment of a debt of the applicant.

(j) Whether the applicant has ever been bonded or been denied any type of bond.

(k) The information specified and required by the act, including a photograph and 2 sets of fingerprints of the applicant taken at the time of submission of the application.

(l) All required waivers and affidavits prescribed by the board.

(m) Copies of local, state, and federal tax returns of the individual.

(n) Other information that the board deems necessary and relevant to determine the applicant's eligibility, qualifications, and suitability for licensure under the act and these rules.

History: 1998-2000 AACS.

### **R 432.1337 Occupational licensing procedures.**

Rule 337. (1) An applicant for an occupational license shall submit, together with the required application fee, a completed application that has been endorsed by an authorized representative of the licensee or licensee

applicant for whom the applicant will be employed if the applicant is licensed.

(2) After the board has received the completed occupational license application, appropriate application fee, photograph, and fingerprints, the executive director and members of the Michigan state police assigned to assist the board shall review the applicant's application and conduct a criminal history check on the applicant.

(3) If a preliminary review of the application and the criminal history check does not uncover or indicate any apparent deficiencies in the application or other circumstances that may require denial of the application under the licensing standards of the act and these rules, then the executive director may issue a temporary occupational license to the applicant. The temporary occupational license authorizes the applicant to perform the employment duties for which the license is sought, pending board action on the applicant's license application.

A temporary license issued under this rule is valid for not more than 90 days, but may be renewed upon expiration by the executive director if the criteria in this subrule are satisfied.

(4) A temporary occupational licensee shall receive a temporary identification badge. The color of the temporary identification badge shall be different from the occupational license identification badge that is given to an occupational licensee upon issuance of a full occupational license. The temporary identification badge shall contain and display information as prescribed by the board.

(5) Temporary occupational licensees shall wear and clearly display their temporary identification badge at all times during work hours at the casino.

(6) A person shall pay a fee of \$10.00 to the board for any necessary replacement of a temporary identification badge.

(7) A temporary identification badge shall not be transferred and shall be immediately returned to the board if the temporary licensee resigns or if his or her employment at the casino is terminated.

(8) If, upon further investigation and review of the temporary licensee's application, the executive director determines that the applicant is not eligible or suitable for licensure under the act and these rules, then the executive director may, upon written notice to the licensee and the licensee's employer, suspend or revoke the temporary license and order the immediate return of the temporary identification badge to the board.

(9) If a temporary occupational license expires, is suspended, or is revoked, then the licensee shall not continue his or her employment and shall not perform the work duties for which the licensee is licensed.

(10) If an applicant's temporary license expires, is suspended, or is revoked, then the executive director shall immediately forward the temporary licensee's application to the board for action together with a written report to the board recommending granting or denying the application. The executive director's report shall state the reasons for his or her recommendation for board action on the application.

(11) An occupational license applicant shall, before issuance of an occupational license, have the burden of producing the information, documentation, and assurances in his or her application to establish, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable to receive the occupational license for which application is made, under the licensing standards in the act and these rules.

(12) The applicant shall demonstrate, to the board, a level of skill, knowledge, or experience reasonably necessary to perform the job duties required for the occupational license for which application is made. However, an applicant may still be employed by a casino licensee or casino license applicant to perform the duties if the casino licensee or casino license applicant agrees to provide necessary training to the applicant.

(13) Unless waived by the board, an applicant whose name appears on the exclusion list of any jurisdiction, or who has had a gaming-related license suspended or revoked in any jurisdiction by reason of theft, dishonesty, or fraud, is not eligible, qualified, or suitable to be issued an occupational license.

(14) An applicant shall also be in substantial compliance with all local, state, and federal tax laws, have good moral character, reputation, and integrity, and comply with any other licensing standard that the board deems necessary to ensure compliance with the act and these rules and protect the public and the credibility and integrity of gaming in the state.

History: 1998-2000 AACS.

#### **R 432.1338 Board action on occupational license applications.**

Rule 338. (1) After the completion of the background investigation, the executive director shall report to the board, in writing, regarding the staff's background investigation of the occupational license applicant. Upon receipt of the executive director's report, the board shall grant or deny the application.

(2) If the board grants the application, it shall direct the executive director to issue an occupational license upon the payment of the biennial licensing fee. If the applicant's biennial licensing fee is not received by the board within 14 days after the date of the mailing of the notification of the applicant's suitability for licensure to the applicant, then the board shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.

(3) If the board denies the application, then it shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.

(4) A notice of denial does not constitute a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed unless the applicant fails to request a hearing in a timely manner under part 7 of these rules to contest the denial. If the applicant fails to a hearing in a timely manner, then the notice of denial becomes the final order of the board.

History: 1998-2000 AACS.

**R 432.1339 Requirements for occupational license and identification badge.**

Rule 339. (1) Upon a finding of suitability for licensure and payment of the appropriate biennial license fee, the board shall issue an occupational license and license identification badge for the applicant. The license and badge shall be in the form prescribed by the board.

(2) The occupational license shall contain all of the following information:

(a) The occupational licensee's first name, last name, and job title.

(b) The occupational license number assigned by the board.

(c) The level of the occupational license.

(d) The signature of the executive director.

(e) The date that the occupational license was issued and the date that the occupational license will expire.

(f) Other information prescribed by the board.

(3) The casino licensee or supplier licensee shall actually receive and possess the occupational licenses for the respective occupational licensees it employs.

(4) If the occupational licensee voluntarily terminates employment with a casino licensee or supplier licensee, then the casino licensee or supplier licensee shall return the occupational license to the occupational licensee. If the occupational licensee's employment is involuntarily terminated for misconduct that may reflect on the occupational licensee's suitability for licensure, or if the occupational licensee retires without an intent to seek employment with a different licensee, the employer shall return the occupational license to the board.

(5) The occupational license shall remain the property of the board at all times.

The occupational license may be revoked, suspended, canceled, or restricted by the board. The board may refuse to renew the license when it is reviewed under these rules.

(6) Neither the occupational license nor the licensee identification badge shall be transferred to another person. If the occupational licensee resigns or the occupational licensee's employment is terminated and the occupational licensee does not intend to seek employment with a different licensee, then the occupational licensee shall return the permanent identification badge to the board.

(7) The licensee identification badge shall be a card of a color designated by the board and meet the specifications of these rules. The color of the licensee identification badge shall be different from the color of the temporary identification badge.

(8) An occupational licensee shall wear and clearly display the license identification badge during work hours.

(9) A licensee shall pay a fee of \$10.00 paid to the board for any necessary replacement of a licensee identification badge or the occupational

license. The board shall assess the fee each time an occupational licensee obtains a replacement identification badge or occupational license.

(10) If an occupational licensee becomes employed by a different casino licensee, then the occupational licensee shall request a replacement identification badge from the board.

(11) The licensee identification badge shall be a card of the appropriate color that meets all of the following requirements:

(a) The front side of the identification badge shall be in compliance with all of the following provisions:

- (i) Be a card bearing the name and logo of the casino gambling operation.
- (ii) Display the applicant's photograph.
- (iii) Display the applicant's first name and job title.
- (iv) Display the occupational license number assigned by the board.
- (v) Display the level of the occupational license.
- (vi) Display the signature of the executive director.
- (vii) Display the date the identification badge and occupational license were issued and the date that the identification badge and occupational license will expire.

(b) The back side of the identification badge shall be in compliance with all of the following provisions:

- (i) Display the applicant's signature and the applicant's first and last name.
- (ii) Display the applicant's date of birth.
- (iii) List the applicant's security clearance levels and tracking the applicant's entry into and exit from secured areas of the casino.
- (iv) Display other information deemed necessary by the board to identify the occupational licensee, the casino of employment, the appropriate level of occupational license, and any conditions or restrictions that have been placed on the occupational license.

(c) The board shall ensure that identification badges are constructed so that the badges can be easily affixed to, and displayed clearly on, an occupational licensee's clothing.

(d) The licensee identification badges shall remain the property of the board at all times.

History: 1998-2000 AACS.

#### **R 432.1340 Reapplication for denied license.**

Rule 340. (1) A person whose application for an occupational license has been denied may not, without leave of the board, reapply for an occupational license of the same or higher level for a period of 1 year from the date on which the board voted to deny the application.

(2) A person whose application for an occupational license was denied may seek leave of the board to reapply within the 1 year period by addressing the request to the board through the executive director. The board may require the applicant to present oral or written argument to the board outlining why

an exception should be made.

History: 1998-2000 AACCS.

**R 432.1341 Biennial renewal of occupational licenses.**

Rule 341. (1) An occupational license may be renewed biennially.

(2) An occupational licensee shall request renewal of the license, on a form prescribed by the board, not less than 30 days before the expiration of the occupational license. The occupational licensee shall complete the form and provide the board with any information or documents that the board deems necessary to confirm the licensee's identity and determine the licensee's continued eligibility, suitability, and qualification to have his or her occupational license renewed under licensing standards set forth in the act and this part. The license renewal request form shall include information related to all of the following about the licensee:

- (a) Integrity.
- (b) Reputation.
- (c) Moral character.
- (d) Employment history.
- (e) Criminal record.
- (f) Past history of licensure.
- (g) Administrative law abidance.
- (h) Civil litigation.
- (i) Financial responsibility.

A licensee shall submit the form requesting renewal of an occupational license with the biennial license fee. The board may perform a background investigation on any occupational licensee seeking renewal of any license. The board may require that the investigation cost be charged to the occupational licensee.

(3) The board may refuse to renew an occupational license if the occupational licensee no longer meets the requirements set forth in the act and these rules.

(4) The executive director shall investigate and review the licensee's renewal application and shall report, in writing, to the board whether the licensee is eligible, qualified, and suitable to have its occupational license renewed.

(5) The licensee shall pay the board for any additional background investigation charge assessed by the board under these rules.

(6) Upon receipt and review of the executive director's report, the board shall decide whether to renew.

(7) If the board decides to renew the license, then it shall direct the executive director to issue a new license to the applicant.

(8) If the board decides not to renew a license, then it shall direct the executive director to issue a notice of denial to the applicant by certified mail.

(9) A copy of the executive director's report to the board and notice of

renewal or notice of denial issued by the board shall be served on the licensee and the city.

(10) An occupational licensee who is served with a notice of denial under this rule may request a hearing under part 7 of these rules.

(11) The notice of denial shall not constitute a finding by the board that the occupational licensee is ineligible, unqualified, or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or rules of the board, unless the licensee fails to request a hearing in a timely manner under part 7 of the rules.

(12) If the licensee does not request a hearing in a timely manner, then the notice of denial becomes the final order of the board.

History: 1998-2000 AACS.

#### **PART 4. PUBLIC OFFERING OF DEBT OR EQUITY FOR MICHIGAN CASINOS**

##### **R 432.1401 Applicability.**

Rule 401.(1) This part applies to a publicly traded corporation applying for or holding a casino license in Michigan and to persons applying for or holding a casino license in Michigan that are owned, directly or indirectly, by a publicly traded corporation, whether through a subsidiary or intermediary company of a publicly traded corporation, if the ownership interest is, directly or indirectly, or will be upon approval by the board, more than 5% of the person applying for or holding the casino license.

(2) This part also applies to persons, other than publicly traded corporations, that apply for or hold a casino license in Michigan or have or will have, upon approval of the board, more than a 5% ownership interest in a person that has applied for or holds a casino license in Michigan and makes a public offering of its debt securities.

(3) If the board determines that a publicly traded corporation, a subsidiary, an intermediary company, a holding company of a publicly traded corporation, or other person has the actual ability to exercise influence over a person applying for or holding a casino license in Michigan, regardless of the percentage of ownership possessed by the publicly traded corporation, subsidiary, intermediary company, holding company of a publicly traded corporation, or other person, the board may require that person to comply with this part.

(4) This part shall not apply to an institutional investor unless it has



more than a 15% interest in a person applying for or holding a casino license or does not meet the standards of section 6c(1) of the act for waiver of the eligibility and suitability requirements for qualification or licensure under the act or these rules.

History: 1998-2000 AACS; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1402 Public offerings.**

Rule 402. A person applying for or holding a casino license in Michigan, or a person that has or upon board approval will have more than a 5% ownership interest in a person applying for or holding a casino license in Michigan that commences a public offering of debt or equity securities must notify the board regarding a public offering of the securities required to be registered with the securities and exchange commission or regarding any other type of public offering not later than 10 business days after the initial filing of a registration statement with the securities and exchange commission or, regarding any other type of public offering, not later than 10 business days before the public use or distribution of any offering document, if either of the following provisions applies:

(a) The person that is applying for or holding the casino license or other person that has or upon board approval will have more than a 5% ownership interest in a person that is applying for or holding the casino license and that intends to issue the securities is not a publicly traded corporation.

(b) The person applying for or holding the casino license or other person that has or upon board approval will have more than a 5% ownership interest in a person applying for or holding the casino license and that intends to issue the securities is a publicly traded corporation and the proceeds of the offering, in whole or in part, are intended to be used for any of the following purposes:

(i) To pay for the construction of a casino or a casino enterprise to be owned or operated by a person applying for or holding the casino license in Michigan.

(ii) To acquire any direct or indirect ownership interest in a casino or casino enterprise located in Michigan.

(iii) To finance the operation of a casino or casino enterprise in Michigan by a person applying for or holding a casino license.

(iv) To retire or extend obligations incurred for 1 or more purposes set forth in paragraphs (i), (ii), and (iii) of this subdivision.

History: 1998-2000 AACS; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1403 Notice of public offering.**

Rule 403. A person notifying the board of a public offering must disclose all of the following information:

(a) A description of the securities to be offered.

(b) The proposed terms upon which the securities are to be offered.

(c) The anticipated gross and net proceeds of the offering, including a detailed list of expenses.

(d) The use of the proceeds.

(e) The name and address of the lead underwriter, if any.

(f) The form of the underwriting agreements, if any, the agreement underwriters, if any, and the selected dealers agreements, if any.

(g) A statement of intended compliance with all applicable federal, state, local, and foreign securities laws.

(h) The names and addresses of the issuer's counsel for the public offering, independent auditors, and special consultants for the offering.

(i) If any securities to be issued are not to be offered to the general public, then the general nature of the offerees and the form of the offering.

(j) Any other offering material requested by the board.

History: 1998-2000 AACS; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1404 Fraudulent and deceptive practices prohibited.**

Rule 404. A disciplinary action may be initiated against a person applying for or holding a casino license or other person covered by this part if any of the following provisions apply to the person in connection with the purchase or sale of any security issued by a person covered by this part:

(a) The person is found guilty of a violation of rule 10b-5, 17 C.F.R. § 240.10b-5 promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C. § 78j.

(b) The person pleads nolo contendere to a violation of rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C. § 78j.

(c) The person is the subject of a final cease and desist order with respect to a violation of rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C. § 78j.

(d) The person is subject to an order of permanent injunction issued on the basis of a violation of rule 10b-5, 17 C.F.R. § 240.10b-5 promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C. § 78j.

(e) The person is the subject of a similar final action taken on the basis of a violation of rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C. § 78j.

History: 1998-2000 AACS; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1405 Submission of proxy and information statements.**

Rule 405. Each publicly traded corporation that applies for or holds a casino license must, within 10 business days after distributing to its

security holders a proxy statement or information statement that is subject to regulation 14A or 14C of the securities and exchange commission, submit the proxy statement or information statement to the board.

History: 1998-2000 AACS; 2008 MR 10, Eff. May 23, 2008.

**R 432.1406 Reporting requirements.**

Rule 406.(1) If a publicly traded corporation or other person that applies for or holds a casino license files any of the following documents with the securities and exchange commission, the person must file 1 copy of each document with the board within 10 business days of filing the documents with the securities and exchange commission:

- (a) Form 10.
- (b) Form 10-Q.
- (c) Form 10-K.
- (d) Form 8-K.
- (e) Form 1-A.
- (f) Registration Statement S-1.
- (g) Registration Statement SB-2.
- (h) Registration Statement 10-SB.
- (i) Report 10-KSB.
- (j) Report 10-QSB.
- (k) Schedule 13e-3.
- (l) Schedule 14D-9.

(m) A filing required by rule 14f-1 promulgated under the securities exchange act of 1934, 15 U.S.C. § 78a et seq.

(2) If a publicly traded corporation or other person that applies for or holds a casino license any material document filed with the securities and exchange commission by any other person relating to the publicly traded corporation, the person must file 1 copy of the document with the board within 10 business days after receipt of the material.

(3) A publicly traded corporation or other person that applies for or holds a casino license must file a list of record holders of its voting securities with the board annually.

(4) A person applying for or holding a casino license must report to the board the election or appointment of a director or officer of that applicant or licensee or a holding company of that applicant or licensee who is actively and directly engaged in the administration or supervision of that applicant or licensee.

(5) If a person that applies for or holds a casino license learns that a key person or substantial owner of the publicly traded corporation has disposed of his or her voting securities, the person must provide the board with written notice of the transaction within 10 business days of becoming aware of it.

(6) A person who applies for or holds a casino license and all other persons covered by this part must file any other document requested by the

board to ensure compliance with the act or this part within 30 days of a board request or at another time established by the board.

History: 1998-2000 AACCS; 2008 MR 10, Eff. May 23, 2008.

**R 432.1407 Required charter provisions.**

Rule 407.(1) A person covered by this part that applies for or holds a casino license shall include all of the following provisions, or similar provisions approved by the board under subsection (c), in its organizational documents:

"The [corporation] [partnership] [limited liability company] shall not issue more than five percent (5%) of any voting securities or other voting interests to a person except in accordance with the provisions of the Michigan Gaming Control and Revenue Act, MCL 432.201 et seq. and the rules promulgated thereunder.

(a) The issuance of any voting securities or other voting interests in violation thereof shall be void and such voting securities or other voting interests shall be deemed not to be issued and outstanding until one (1) of the following occurs:

(1) The [corporation] [partnership] [limited liability company] shall cease to be subject to the jurisdiction of the board.

(2) The board shall, by affirmative action, validate said issuance or waive any defect in issuance.

(b) No voting securities or other voting interests issued by the [corporation] [partnership] [limited liability company] and no interest, claim, or charge of more than five percent (5%) therein or thereto shall be transferred in any manner whatsoever except in accordance with the provisions of the act and rules promulgated thereunder. Any transfer in violation thereof shall be void until one (1) of the following occurs:

(1) The [corporation] [partnership] [limited liability company] shall cease to be subject to the jurisdiction of the board.

(2) The board shall, by affirmative action, validate said transfer or waive any defect in said transfer.

(c) If the board at any time determines that a holder of voting securities or other voting interests of this [corporation] [partnership] [limited liability company] shall be denied the application for transfer, then the issuer of such voting securities or other voting interests may, within thirty (30) days after the denial, purchase such voting securities or other voting interests of such denied applicant at the lesser of:

(1) the market price of the ownership interest; or

(2) the price at which the applicant purchased the ownership interest; unless such voting securities or other voting interests are transferred to a suitable person (as determined by the board) within thirty (30) days after the denial of the application for transfer of ownership.

(d) Until such voting securities or other voting interests are owned by persons found by the board to be suitable to own them, the following

restrictions must be followed:

(1) The [corporation] [partnership] [limited liability company] shall not be required or permitted to pay any dividend or interest with regard to the voting securities or other voting interests.

(2) The holder of such voting securities or other voting interests shall not be entitled to vote on any matter as the holder of the voting securities or other voting interests, and such voting securities or other voting interests shall not for any purposes be included in the voting securities or other voting interests of the [corporation] [partnership] [limited liability company] entitled to vote.

(3) The [corporation] [partnership] [limited liability company] shall not pay any remuneration in any form to the holder of the voting securities or other voting interests as provided in this paragraph."

(2) A person covered by this part that applies for a casino license must be in compliance with subrule (1) of this rule before the board issues the person a license.

(3) A person who applies for or holds a casino license must submit charter provisions similar to the provisions in subrule (1) of this rule to the board not less than 30 days before the public offering for approval. The board shall notify the person, in writing, that the charter provisions are acceptable.

History: 1998-2000 AACCS; 2008 MR 10, Eff. May 23, 2008.

## **PART 5. TRANSFER OF OWNERSHIP**

### **R 432.1501 Applicability of part; transfer of ownership interest; limitation.**

Rule 501. (1) An interest in a person applying for or holding a casino license or supplier license may only be transferred in accordance with this part.

(2) This part applies to a person that transfers or acquires more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan. This part also applies to a person that will, as a result of an acquisition approved by the board, have acquired an interest totaling more than 5% of a publicly traded corporation that applies for or holds a casino license or supplier license.

(3) This part does not apply to an institutional investor that acquires or will acquire, upon approval of the board, less than 10% of the equity securities of a person that applies for or holds a casino license or supplier license and that meets the standards for waiver of the eligibility and suitability requirements for qualification and licensure under the act and these rules.

(4) This part applies to a person that transfers or acquires more than a 1% interest in a person, other than a publicly traded corporation, that has

applied for or holds a casino license or supplier license in Michigan. This part also applies to a person who will, as a result of an acquisition approved by the board, acquire an interest totaling more than 1% in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in Michigan.

(5) The board shall not approve a transfer of any interest that is more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or a supplier license in Michigan unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.

(6) The board shall not approve a transfer of any interest that, upon board approval, will result in a person acquiring an interest of more than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan, unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.

(7) The board shall not approve a transfer of any interest that is more than a 1% interest in a person that is not a publicly traded corporation and that has applied for or holds a casino license or a supplier license in Michigan unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.

(8) The board shall not approve a transfer of any interest that, upon board approval, will result in a person acquiring an interest of more than 1% in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in Michigan, unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.

(9) The organizational documents of all persons who have applied for or hold a casino license or supplier license shall contain a provision that transfers of ownership interest in the applicant or licensee may only be made in accordance with this rule before the issuance of the license for which application is made.

History: 1998-2000 AACS.

#### **R 432.1502 Application for transfer of ownership.**

Rule 502. (1) A person desiring to acquire an ownership interest in a person applying for or holding a casino license or supplier license shall complete and submit application and disclosure forms, in the manner and form prescribed by the board, for qualification as part of an application for a casino license or supplier license as set forth in part 3 of these rules and shall submit a request for board approval of the transfer of ownership

interest.

(2) A person desiring to acquire an interest in a person applying for or holding a casino license or supplier license shall present evidence that the person desiring to acquire the interest is eligible, qualified, and suitable under the standards and criteria for qualification and licensure set forth in the act and these rules. The person desiring to acquire the interest bears the burden of proving his or her eligibility, qualifications and suitability by clear and convincing evidence.

(3) A person applying for or holding a casino license or supplier license that is attempting to transfer an ownership interest shall submit any information or documentation deemed necessary by the board to ensure compliance with the act and these rules.

History: 1998-2000 AACCS.

#### **R 432.1503 Transfer application fees.**

Rule 503. (1) Unless otherwise provided by the board, a person desiring to acquire an interest subject to this part shall submit an application fee in the amount required for the applicable class of license in accordance with the act and part 3 of these rules.

(2) An application fee shall be utilized to conduct the background investigation of the person desiring to acquire an interest subject to this part. An additional investigation fee may be assessed to the extent that the cost of the background investigation relating to the person desiring to acquire an interest subject to this part exceeds the investigation fee submitted under subrule (1) of this rule.

The executive director shall advise the applicant, in writing, that an additional investigation fee is required. The letter shall direct the person to remit an amount that the executive director has determined is necessary to complete the investigation. Once a person desiring to acquire an interest under this part is directed to submit an investigation fee in excess of the amount set forth in subrule (1) of this rule, then the investigative team conducting the investigation of the person shall not finalize the report on the person's suitability for obtaining an ownership interest, nor submit the report to the board for consideration, until the additional investigation fee is paid by the person.

(3) If an assessed investigation fee is more than the final cost of the investigation, then the board shall refund the excess investigation fee to the person desiring to acquire the interest covered by this part.

History: 1998-2000 AACCS.

#### **R 432.1504 Required qualification; waiver for institutional investors.**

Rule 504. (1) A person, other than an institutional investor who complies with R 432.501(3) and subrule (2) of this rule, who, individually or in

association with others, acquires any interest, directly or indirectly, that is either of the following shall apply to the board for a finding of suitability within 45 days after acquiring the interest:

(a) More than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan or that is the holding company or intermediary company of the publicly traded corporation or which acquisition, upon approval by the board, will result in the person acquiring more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan or that is the holding company or intermediary company of the publicly traded corporation.

(b) More than 1% in a person that is not a publicly traded corporation and that has applied for or holds a casino license or a supplier license in Michigan or which acquisition, upon approval by the board, will result in the person acquiring more than a 1% interest in a person that is not a publicly traded corporation and that has applied for or holds a casino license or supplier license in Michigan.

(2) An institutional investor who, individually or in association with others, acquires, directly or indirectly, beneficial ownership of a person that has applied for or holds a casino license or supplier license shall notify the board within 10 business days after the institutional investor acquires the interest or files form 13-D or 13-G with the securities and exchange commission, or both, and shall provide additional information, and may be subject to a finding of suitability, as required by the board.

(3) An institutional investor who acquires more than 10% of an interest in a person that has applied for or holds a casino license or supplier license in Michigan may apply to the board for a waiver of the eligibility and suitability requirements of the act and these rules if the total interest held by the institutional investor is not more than 15%. Unless otherwise provided by the board, an application for a waiver shall include all of the following information:

(a) A description of the institutional investor's business and a statement as to why the institutional investor is within the definition of institutional investor.

(b) A certification made under oath and subject to the penalty of perjury that the interest was acquired, and is being held, for investment purposes only and was acquired, and is being held, in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the board of directors or any change in the corporate charter, bylaws, management, policies, or operations of the person in which the institutional investor has acquired the interest. The signatory shall also certify that it is not its current intention to influence or affect the affairs of the person in which it has acquired the interest. In addition, the signatory shall explain the basis of his or her authority to sign the certification and to bind the institutional investor to its terms. The certification shall also provide that the institutional investor agrees to be bound by, and comply with, the act and this part, is



subject to the jurisdiction of the courts of Michigan, and consents to Michigan as the choice of forum if a dispute, question, or controversy arises regarding the application of this rule.

(c) The name, address, telephone number, and social security number of the officers and directors, or their equivalent, of the institutional investor as well as those persons who have direct control over the institutional investor's holdings of voting securities of the person in which the institutional investor has acquired the interest.

(d) The name, address, telephone number, and social security number or federal tax identification number of each person who has the power to direct or control the institutional investor's exercise of its voting rights as a holder of voting securities of the person in which it has acquired the interest.

(e) The name of each person who beneficially owns more than 5% of the institutional investor's voting securities or other equivalent.

(f) To the extent known by the institutional investor, a list of the institutional investor's affiliates that have more than a 5% interest in the institutional investor.

(g) A list of all equity securities of the person in which the institutional investor has acquired an interest subject to this part that are or were, directly or indirectly, beneficially owned by the institutional investor or its affiliates within the preceding 1-year period. This list shall set forth a description of the securities, the amount of the securities, and the date of the acquisition or sale, or both.

(h) A list of all regulatory agencies with which the institutional investor or any of its affiliates that beneficially own equity securities of the person in which it has acquired an interest subject to this part files periodic reports, and the name, address, and telephone number of the person, if known, to contact at each agency regarding the institutional investor.

(i) To the extent known, a disclosure of all criminal sanctions imposed against the institutional investor, its affiliates, and any of its current or former officers or directors during the preceding 10 years. A disclosure of all regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed against the institutional investor, its affiliates, or any of its current officers or directors in the preceding 5 years, or any former officer or director whose tenure ended within the preceding 12 months.

(j) A copy of any filing made under 15 U.S.C. § 18a with respect to the acquisition or proposed acquisition of securities of the person in which it has acquired the interest subject to this part.

(k) Any additional information the board may request to ensure compliance with the act and these rules.

(4) Each institutional investor who, individually or in association with others, acquires, directly or indirectly, the beneficial ownership or more than 15% of an equity interest in a person that has applied for or is the holder of a casino license or supplier license or that is the holding company

or intermediary of a person that has applied for or is the holder of a casino license or supplier license, shall apply to the board for approval of the acquisition within 45 days after acquiring the interest.

(5) The board may require that any person seeking approval to acquire and hold ownership interest subject to this part apply for a finding of suitability in accordance with this rule if the board deems the finding of suitability necessary to ensure compliance with the act and these rules.

(6) The following activities shall be deemed to be consistent with holding equity securities for investment purposes only under subrule (3)(b) of this rule:

(a) Voting, directly or indirectly, through the delivery of a proxy furnished by the board of directors, on all matters voted on by the holders of the voting securities.

(b) Serving as a member of a committee of creditors or security holders formed in connection with a debt restructuring.

(c) Nominating a candidate for election or appointment to the board or directors in connection with a debt restructuring.

(d) Accepting appointment or election as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member's term.

(e) Making financial and other inquiries of management of the type normally made by securities analysts for information purposes and not to cause a change in its management, policies, or operations.

(f) Other activities that the board determines to be consistent with the investment intent.

(7) A person created under the laws of a foreign country, who acquires an interest of more than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license or more than 1% in a nonpublicly traded person that has applied for or holds a casino license or supplier license, shall file reports as the board may prescribe and is subject to a finding of suitability under the act.

(8) A person whose application to be qualified to acquire and hold an interest in a person that has applied for or holds a casino license or supplier license in Michigan is denied by the board shall not hold, directly or indirectly, an equity interest in the licensee or applicant beyond the period of time prescribed by the board and shall be removed immediately from a position as a director, officer, key person, or employee of the person.

(9) These rules do not apply to an underwriter during the first 90 days of the underwriting.

(10) A person applying for or holding a casino license or supplier license in Michigan shall notify a person desiring to acquire an interest subject to this part of the requirements of this rule. The obligations of the person subject to this rule are independent of, and unaffected by, the failure to give notice of the requirements of this rule.

History: 1998-2000 AACS.

**R 432.1505 Denials; request for hearing.**

Rule 505. (1) If the board denies an application for transfer of an ownership interest covered by this part, then it shall issue a notice of denial to the applicant for qualification to acquire and hold the ownership interest.

(2) A person applying for qualification to acquire and hold an ownership interest subject to this part who is served with a notice of denial under this rule may request a hearing.

(3) If the person applying for qualification to acquire and hold an ownership interest subject to this part does not request a hearing, then the notice of denial becomes the final order of the board.

(4) Unless specifically stated to the contrary, a notice of denial of an application for qualification to acquire and hold an ownership interest under this rule shall not constitute a finding that the applicant is not suitable for licensure.

History: 1998-2000 AACS.

**R 432.1506 Repurchase of interest.**

Rule 506. (1) Within 30 calendar days of the earlier of the failure of an applicant for qualification to acquire and hold an ownership interest subject to this part to request a hearing after receiving a notice of denial or of the exhaustion of the hearing or appellate process, the person in which the applicant acquired the ownership interest shall purchase all of the interest held by the unsuccessful applicant who was served with the notice of denial. The applicant who was served with the notice of denial shall sell all of the interest back to the person from which it acquired the interest within 30 days.

(2) The ownership interest shall be purchased at the lesser of the market price of the ownership interest or the price at which the unsuccessful applicant purchased the ownership interest.

History: 1998-2000 AACS.

**R 432.1507 Proscribed activities with respect to unsuitable persons.**

Rule 507. (1) In refusing to grant approval for the transfer and acquisition of an interest covered by this part, the board may determine that a person seeking approval is not qualified to hold an interest in a person that has applied for or holds a casino license or supplier license in Michigan under the standards for qualification and licensure under the act and these rules.

(2) After the board serves a notice of denial on a person who applied for approval of a transfer and acquisition of an interest subject to this part, then the person that has applied for or holds a casino license or supplier license in Michigan shall not do any of the following:

(a) Pay, to the person whose application was denied or who was found to be unqualified and unsuitable, any dividend or interest on equity securities or make any other payment or distribution, except as permitted by the board.

(b) Recognize the exercise, by the person whose application was denied or was found to be unqualified and unsuitable, directly or indirectly, or through any proxy, trust, or nominee, of any voting right conferred by any securities or interest in any securities or recognize other control or ownership by the person.

(c) Pay, to the person whose application was denied or was found to be unqualified and unsuitable, remuneration for services rendered.

(d) Fail to pursue all lawful efforts to require the person whose application was denied to relinquish all securities, including, if necessary, the immediate repurchase of the equity securities from the person.

History: 1998-2000 AACS.

#### **R 432.1508 Debt acquisition generally.**

Rule 508. (1) A person that has applied for or holds a casino license in Michigan, or a holding company or affiliate that has control of a person that has applied for or holds a casino license in Michigan, may enter into debt transactions affecting the capitalization or financial viability of its Michigan

gambling operation or casino operation only in accordance with the act and these rules.

(2) A person that has applied for or holds a casino license in Michigan, or another person that has control of a person that has applied for or holds a casino license in Michigan, shall stamp or otherwise mark each page of its debt transaction documents that it submits to the board with the word "confidential," if the material submitted is not subject to disclosure. The person shall, at the request of the executive director or the board, provide a justification explaining the confidential nature of the documents. The board may determine that the information marked "confidential" is subject to disclosure.

History: 1998-2000 AACS.

#### **R 432.1509 Debt transactions requiring board approval; process.**

Rule 509. (1) A person that holds a casino license in Michigan, or a holding company or affiliate that has control of a person that holds a casino license in Michigan, may not enter into any debt transaction affecting the capitalization or financial viability of its Michigan gambling operation or casino operation without first receiving the approval of the board. A person applying for a casino license in Michigan shall immediately notify the board upon entering into any debt transaction affecting the capitalization or financial viability of its proposed Michigan gambling operation or casino operation. The board shall consider debt transactions in determining the

suitability of a person to be granted or to hold a casino license in Michigan.

(2) A person that holds a casino license in Michigan, or a holding company or affiliate of a person that holds a casino license in Michigan, shall submit, in writing, a request for approval of a debt transaction that is subject to this rule. The procedure for requesting approval shall be as follows:

(a) A person shall submit the request for approval not less than 10 days before a scheduled meeting of the board. The executive director shall place the request for approval of a debt transaction on the agenda of the board meeting.

(b) A representative of the person requesting approval of the debt transaction shall be present at the board meeting to answer any questions posed by the board, the executive director, or his or her designee.

(c) The approval of the debt transaction will be discussed, and a decision issued by the board, at the next meeting of the board.

(3) The request for approval of a debt transaction shall contain, at a minimum, all of the following information:

(a) The names and addresses of all parties to the debt transaction.

(b) The amount of the funds involved.

(c) The type of debt transaction.

(d) The source of the monies obtained by the person requesting approval of the debt transaction.

(e) All sources of collateral.

(f) The purpose of the debt transaction.

(g) The terms of the debt transaction.

(h) All filings that must be submitted to any regulatory agency in association with the debt transaction.

(i) An executive summary of the debt transaction.

(j) Other information deemed necessary by the executive director or the board to ensure compliance with the act and these rules.

History: 1998-2000 AACS.

#### **R 432.1510 Exercise of due diligence in debt transaction required.**

Rule 510. A person that applies for or holds a casino license in Michigan, or a holding company or affiliate that has control of a person that applies for or holds a casino license in Michigan, shall exercise due diligence to reasonably ensure that each person that he or she enters into a debt transaction with is suitable for licensure under the act and these rules.

History: 1998-2000 AACS.

#### **R 432.1511 Denial of approval of debt transaction.**

Rule 511. If the board denies approval of a debt transaction that is subject to this part, then the person requesting approval to enter into the debt transaction may not enter into the debt transaction.

## **PART 6. EXCLUSION OF PERSONS**

### **R 432.1601 Exclusion list; duty to exclude.**

Rule 601. (1) A person who is excluded under the act and these rules shall not be permitted entry into any portion of a casino. If a person is placed on the board exclusion list by the executive director, then the person is prohibited from entering any casino in the state until a determination is made by the board or a court to the contrary.

(2) A casino licensee shall exclude or eject any excluded person from a casino if the casino licensee or the casino licensee's agents know or reasonably should know that the person is on the exclusion list.

(3) A casino licensee shall inform the board, in writing, of the names of persons that it knows or should know meet the criteria for placement on an exclusion list and the reason the person meets the exclusion criteria.

(4) This rule does not preclude a casino licensee from ejecting or barring a person from its casino for reasons deemed necessary by the casino licensee. A casino licensee may seek to have a person it has ejected or barred from its casino placed on the exclusion list.

History: 1998-2000 AACS.

### **R 432.1602 Distribution and availability of exclusion lists.**

Rule 602. The board shall maintain a list of persons to be ejected or excluded from a casino. The exclusion list shall be a public record. The list shall be distributed to each casino. A casino shall acknowledge receipt of the list in writing. The list may also be distributed to law enforcement agencies. All of the following information, to the extent known, shall be provided for each excluded person:

- (a) The full name and date of birth and all aliases.
- (b) A physical description.
- (c) The effective date the person's name was placed on the exclusion list.
- (d) A photograph, if available.
- (e) The person's occupation and current home and business addresses.
- (f) Other information deemed necessary by the executive director to facilitate identification of the person placed on the exclusion list.

History: 1998-2000 AACS.

### **R 432.1603 Criteria for exclusion or ejection and placement on exclusion list.**

Rule 603. The executive director may place a person on the exclusion list pending a hearing if any of the following provisions apply to the person:

- (a) The person has been convicted of a felony in any jurisdiction or has been convicted of a misdemeanor in any jurisdiction involving gambling theft,

dishonesty, or fraud.

(b) The person has violated the act or these rules.

(c) The person has violated or conspired to violate provisions of the act relating to involvement in gaming without required licenses or willful evasion of fees or taxes.

(d) The person has performed any act, or has a reputation, that would adversely affect public confidence and trust in the integrity of gaming.

(e) The person is included on any valid and current exclusion list from another jurisdiction in the United States.

History: 1998-2000 AACs.

**R 432.1604 Procedure for entry of names on exclusion list.**

Rule 604. (1) Upon a determination that a person comes under any of the criteria for exclusion, the person may be deemed a subject for exclusion and the executive director shall file a notice of exclusion. The notice shall include all of the following information:

(a) The identity of the subject.

(b) The nature and scope of the circumstances or reasons that the person should be placed on the exclusion list.

(c) Names of potential witnesses.

(d) A recommendation as to whether the exclusion or ejection shall be permanent.

The notice shall also inform the person of the availability of a hearing before the board.

(2) A request for a hearing shall be made within 21 days from the date the notice of exclusion was served.

(3) If a person is excluded or ejected from a casino, then the person is prohibited from further entering a casino until a determination is made by the board on the merits of a filed notice of exclusion or a requested hearing. If a determination by the board is appealed, then the exclusion shall continue until the judicial review is completed unless otherwise ordered by the court.

(4) If the board or a subsequent judicial review finds in favor of a subject for exclusion or an excluded person, then the subject's name or excluded person's name shall be removed from the exclusion list and the subject's or excluded person's exclusion shall be terminated as of the date of the action by the board or the court. If the finding is against the subject for exclusion or the excluded person, then the subject's name or excluded person's name shall remain on the exclusion list. If a hearing is not requested, then the subject's name or excluded person's name shall remain on the exclusion list.

(5) If the notice of exclusion provides for a temporary exclusion, then the executive director shall set the term of the temporary exclusion. In making this time determination, the executive director may consider the recommendation of the board staff. A temporary exclusion shall not be less

than 6 months. A temporary exclusion or ejection shall only apply to a person excluded or ejected for criteria related to conduct. All other exclusions or ejections shall be permanent.

History: 1998-2000 AACS.

**R 432.1605 Petition for removal from exclusion list.**

Rule 605. A person who has been placed on any exclusion list may petition the board, in writing, and request that his or her name be removed from the exclusion list.

History: 1998-2000 AACS.

**PART 7. DENIAL AND EXCLUSION HEARINGS**

**R 432.1701 Hearings generally.**

Rule 701. (1) A person whose application for a license or a transfer of ownership has been denied, whose license has not been renewed, who has been placed on an exclusion list, or who has been denied an approval from the board required in these rules may request a hearing. The hearing will be de novo.

(2) The petitioner shall submit an original and 2 copies of any request, pleading, or other written document submitted to the board at its offices in Ingham county and shall serve each party or attorney of record and provide a proof of service on each party or attorney of record.

History: 1998-2000 AACS.

**R 432.1702 Request for hearing.**

Rule 702. (1) A request for hearing shall meet all of the following requirements:

(a) Be in writing.

(b) State the name, current address, and current telephone number of the petitioner.

(c) State in detail the reasons why, and the facts upon which the petitioner will rely to show that, the petitioner's application for a license should not have been denied, the license should have been renewed, the transfer of ownership should have been approved, the petitioner should not have been placed on the exclusion list, or approval should have been granted, including specific responses to any facts enumerated in the board's notice of denial, notice of non-renewal, or notice of exclusion.

(d) A petitioner shall sign, verify, and date a request for hearing. A



petitioner shall have the verification notarized and shall include a certification stating, "Under the penalty of perjury, the undersigned has examined this request for hearing and to the best of my knowledge and belief, it is true, complete, and correct."

(2) A petitioner shall submit a request for hearing within 21 days after service of the notice of denial, notice of nonrenewal, exclusion, or disapproval.

The request for hearing shall meet both of the following requirements:

(a) The petitioner shall submit a request for hearing to the board at the board's office in Ingham county.

(b) A request for a hearing submitted by certified mail or overnight express mail shall be deemed submitted in a timely manner if it is postmarked not later than 21 days after service of a notice of denial, nonrenewal, or exclusion in accordance with the act.

(3) A request for a hearing shall be deemed granted unless denied.

(4) Once a request for a hearing is granted, the executive director shall assign a title and case number to the matter.

(5) A request for a hearing may not be withdrawn or voluntarily dismissed if the board determines that withdrawal or voluntary dismissal is not in the best interest of the public or the gaming industry. If the board allows a petitioner to withdraw a hearing request, then the initial denial, nonrenewal, or placement on the exclusion list becomes a final board order.

(6) The board shall appoint a board member or an administrative hearing officer to conduct a hearing in accordance with this rule. The board shall serve the petitioner with a copy of the letter of appointment. The letter shall serve as notice of the pendency of the hearing. The hearing officer who is to conduct the hearing shall establish a hearing date and notify the parties. The hearing officer may hold prehearing conferences to resolve discovery disputes or any other matters. The board member or hearing officer may do all of the following:

(a) Issue subpoenas to compel the attendance of witnesses and the production of papers and documents.

(b) Authorize the taking of depositions.

(c) Administer oaths.

(d) Receive evidence.

(e) Rule on amendment to pleadings and the admissibility of evidence.

(f) Exclude, sequester, and examine witnesses.

(g) Set reasonable time frames within which a party may present evidence and within which a witness may testify.

(h) Permit and set limits on oral argument.

(i) Issue interim orders.

(j) Establish dates and times for all hearings.

(k) Recess a hearing from day to day and place to place.

(l) Request briefs before or after the board member or hearing officer files written recommendations, findings of fact, and conclusions of law.

(m) Perform other duties necessary to ensure the parties are provided a

fair and proper hearing.

(7) Default judgment or dismissal may result at any stage of the proceeding. If a petitioner fails to take action for which it is responsible for a period of 60 days, then default judgment may be entered against the petitioner and the case may be dismissed unless the petitioner shows good cause for failing to take action.

History: 1998-2000 AACS.

**R 432.1703 Representation at hearing.**

Rule 703. At a hearing, a petitioner may represent himself or herself or may be represented by an attorney.

History: 1998-2000 AACS.

**R 432.1704 Discovery.**

Rule 704. Discovery may be granted, in the discretion of the hearing officer, after the filing of a written request stating the reasons why discovery is necessary and after adverse parties and attorneys of record have had an opportunity to respond to the request. Witness and exhibit lists shall be exchanged 10 days before a hearing or earlier if ordered by the hearing officer.

The hearing officer may exclude any witnesses or exhibits not disclosed in a timely manner.

History: 1998-2000 AACS.

**R 432.1705 Prehearing conference.**

Rule 705. A hearing officer shall schedule a prehearing conference at the request of either party or on the hearing officer's own initiative on any matters deemed necessary to facilitate the denial, nonrenewal, or exclusion hearing.

History: 1998-2000 AACS.

**R 432.1706 Motions for summary judgment and other appropriate motions.**

Rule 706. (1) The hearing officer may recommend a directed finding, dismissal, or summary judgment upon the filing of an appropriate motion by any party.

(2) Affidavits, depositions, admissions, or other documentary evidence may be submitted by a party to support or oppose the motion. Against a motion so supported, an adverse party may not rest upon the mere allegations or denials of his or her pleading, but shall, by affidavits, depositions, admissions, or other documentary evidence, set forth specific facts showing that there is a genuine issue for a contested case hearing.

(3) If requested by one of the parties, the hearing officer shall hear arguments on the motion for summary judgment or other appropriate motion. The hearing officer may require the parties to brief their positions in support of or against the motion for summary judgment or other appropriate motion.

History: 1998-2000 AACS.

**R 432.1707 Continuance.**

Rule 707. (1) A motion to continue a hearing or deposition shall be made not less than 10 days before the hearing or deposition date, unless the requesting party can show good cause otherwise.

(2) A continuance may be granted by the hearing officer upon a showing of good cause.

(3) The hearing officer may order a continuance of a hearing on the hearing officer's own initiative.

History: 1998-2000 AACS.

**R 432.1708 Proceedings.**

Rule 708. (1) The burden of proof is at all times on the petitioner. The petitioner shall have the affirmative responsibility of establishing, by clear and convincing evidence, any of the following:

- (a) The petitioner should have been awarded a license.
- (b) The license should have been renewed.
- (c) The transfer of ownership should have been approved.
- (d) The petitioner should not have been placed on the exclusion list.
- (e) Approval should have been granted.

(2) Testimony shall be given under oath or affirmation. The hearing officer or recorder shall be authorized to administer oaths.

(3) All parties may present an opening statement on the merits. The petitioner proceeds first. An adverse party may reserve an opening statement for a later time. The hearing officer may determine the length of time each party is permitted for the presentation of an opening statement.

(4) The petitioner shall then present the petitioner's case-in-chief.

(5) Upon conclusion of the petitioner's case-in-chief, an adverse party may move for a directed finding. The hearing officer may hear arguments on the motion or may grant, deny, or reserve any decision on the arguments on the motion, with or without argument.

(6) If a motion for a directed finding is not made, or if a motion is denied or a decision on a motion for a directed finding is reserved, then the adverse party may present its case.

(7) Each party may conduct cross-examination of adverse witnesses.

(8) Upon conclusion of the adverse party's case, the petitioner may present evidence in rebuttal.

(9) The hearing officer may ask questions of the witnesses and may request or allow additional evidence at any time, including additional rebuttal

evidence.

(10) Both parties may present closing argument. The petitioner proceeds first, then the adverse party. After closing argument, the petitioner may present rebuttal argument. The hearing officer may determine the length of time each party is permitted for the presentation of closing argument.

(11) The hearing officer may require or allow the parties to submit post-hearing briefs, proposed findings of fact, and conclusions of law within 10 days of the conclusion of the hearing or within another time period the hearing officer orders.

History: 1998-2000 AACS.

### **R 432.1709 Evidence.**

Rule 709. (1) The hearing shall be conducted in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and known as the Michigan administrative procedures act, except as otherwise provided in these rules or the act.

(2) The parties shall, to the fullest extent possible, stipulate all matters that are not or should not be in dispute.

(3) The parties may make objections to evidentiary offers. When an objection is made, the hearing officer may receive the disputed evidence subject to a ruling at a later time.

(4) The hearing officer may take official notice of any generally accepted information or technical or scientific matter within the field of gaming and any other fact that may be judicially noticed by the courts of Michigan. The parties shall be informed of any information, matters, or facts officially noticed and shall be given reasonable opportunity to refute the evidence.

(5) The parties may call witnesses subject to the discretion of the hearing officer and in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and known as the Michigan administrative procedures act. A former member of the board or former employee of the board may appear to testify before the board as a fact witness about actions by the member or employee during his or her tenure as a member or employee with the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.

History: 1998-2000 AACS.

### **R 432.1710 Prohibition on ex parte communication.**

Rule 710. A party or its attorney shall not communicate directly or indirectly with the hearing officer regarding any pending matter, except upon

notice and opportunity for all parties to participate. A party who does have ex parte communication with the hearing officer may be subject to sanctions and penalties.

History: 1998-2000 AACS.

**R 432.1711 Sanctions and penalties.**

Rule 711. (1) The hearing officer may impose sanctions and penalties if the hearing officer finds that a party has failed to appear at a scheduled hearing, has acted in bad faith for the purpose of delay, or has otherwise abused the hearing process. Sanctions and penalties include, but are not limited to, a fine or default judgment or a directed finding on 1 or more issues.

(2) If a petitioner refuses to testify on his or her own behalf with respect to any question propounded to him or her, then the hearing officer may infer that the testimony or answer would have been adverse to the case of the party refusing to testify.

(3) If the petitioner or its agent fails to answer a subpoena or refuses to testify fully at the request of the board, then the failure may be deemed independent grounds for a finding that the petitioner should have been denied a license or the transfer of ownership. The hearing officer may also infer from the failure to answer a subpoena or refusing to testify fully that the testimony would have been adverse to the petitioner.

History: 1998-2000 AACS.

**R 432.1712 Transmittal of record and recommendation to board.**

Rule 712. (1) Oral proceedings involving contested issues shall be recorded stenographically or by such means that adequately ensure the preservation of the testimony or oral proceedings and shall be transcribed at the request of a party.

The requesting party shall pay for the transcript.

(2) Within 90 days of the conclusion of the hearing, or the submission of post-hearing briefs or proposed findings of fact, the hearing officer shall issue, to the board and to the parties, written findings of fact, conclusions of law, and recommendations. Findings of fact shall be based exclusively on testimony, evidence, and matters within the record. The findings of fact shall be stated separately. Within 60 days from the issuance of the findings of fact, conclusions of law, and recommendations of the hearing officer, the parties may file objections to the written findings of fact, conclusions of law, and recommendations issued by the hearing officer.

(3) All of the following requirements apply to a final board order:

(a) When issuing a final board order, the board shall consider the record as a whole or shall consider the portion of the record cited by any party to the proceeding and supported by, and in accordance with, the competent,

material, and substantial evidence. The board may require that the parties present oral argument before the board. The board may take any of the following actions:

(i) The board may affirm the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer as its final board order.

(ii) The board may modify the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.

(iii) The board may dissolve the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.

(iv) The board may remand the matter, with instructions, to the hearing officer for further proceedings.

(v) In the absence of an objection or notice by the board to review any issue relating to the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer, the board shall affirm the written recommendations, findings of fact, and conclusions of law.

(vi) The board shall issue a written order of the proceeding shall be remanded to the hearing officer for further proceedings within 60 days of any of the following, whichever is later, unless the period is waived or extended with the written consent of all parties or for good cause shown:

(A) The date that the written recommendations, findings of fact, and conclusions of law were issued under subrule (2) of this rule.

(B) The receipt of briefs or proposed findings of fact.

(C) The close of oral argument.

(D) Expiration of the time for filing objections to the written findings of fact, conclusions of law, and recommendations of the hearing officer.

(b) The board shall serve copies of the final board order on the parties by personal delivery or certified mail.

(c) A final board order shall become effective upon personal delivery to the parties or upon the posting of certified mail.

History: 1998-2000 AACS.

### **R 432.1713 Status of applicant for licensure or transfer upon filing request for hearing on notice of denial.**

Rule 713. An applicant who has been denied a license, whose license has not been renewed, who has had a request for transfer of ownership denied, whose request for transfer of an ownership interest has been denied, or who

has been placed on an exclusion list and who has requested a hearing under this rule is considered an applicant for purposes of compliance with applicable statutory provisions and board rules.

History: 1998-2000 AACS.

**R 432.1714 Request for declaratory ruling; form; contents.**

Rule 714.(1) A person, who requests a declaratory ruling from the board as to the applicability to an actual state of facts of a statute, rule, resolution or order administered, promulgated, or issued, by the board, must do so in writing.

(2) The written request must contain the relevant and material facts along with a reference to the statute, rule, resolution, or order applicable.

History: 2008 MR 10, Eff. May 23, 2008.

**R 432.1715 Declaratory ruling; notice of issuance; request for information or arguments; hearing.**

Rule 715.(1) Within 60 calendar days of the receipt of the request for a declaratory ruling, the board will issue a written notification by regular first-class mail to the petitioner and the petitioner's legal counsel, if any, stating whether or not a declaratory ruling will be issued.

(2) If the board decides to issue a declaratory ruling, the board may do any of the following:

- (a) Request more information from the person.
- (b) Request information from other interested persons.
- (c) Request information from experts outside the board.
- (d) Request oral or written arguments from interested parties.
- (e) Hold a hearing upon proper notice to all interested parties.
- (f) Issue a declaratory ruling.

History: 2008 MR 10, Eff. May 23, 2008.

**PART 8. CONDUCT OF GAMING/GAMING EQUIPMENT**

**R 432.1801 Rules of game; purpose.**

Rule 801. A licensee shall submit its game rules to the board for approval to ensure all of the following:

(a) The games offered by casino licensees are performed only in accordance with the act and these rules.

(b) The functions, duties, and responsibilities associated with the gambling operation are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel, and to ensure that an employee of the casino licensee is not in a position to perpetuate and conceal errors or irregularities in the normal course of his or her duties.

(c) The gambling operation is conducted by the casino licensee with integrity and in accordance with the act and these rules.

History: 1998-2000 AACS.

**R 432.1802 Hours of operation.**

Rule 802. Gaming is authorized 24 hours a day, 7 days a week.

History: 1998-2000 AACS.

**R 432.1803 Minimum and maximum wagers.**

Rule 803. There shall be no limitation as to the minimum or maximum wager that a casino licensee may accept.

History: 1998-2000 AACS.

**R 432.1804 Floor plans.**

Rule 804. (1) A casino licensee or casino license applicant shall submit a floor plan or floor plans outlining each floor of the casino and the location, number, or position of each electronic gaming device and live gaming device.

A licensee or license applicant shall submit the floor plan or floor plans to the board not less than 30 days before the commencement of gambling operations.

(2) A casino licensee shall provide notice to the board of material changes in a casino floor plan before implementing the change.

History: 1998-2000 AACS.

**R 432.1805 Authorized games.**

Rule 805. A casino licensee shall not permit a game to be played if the game is not approved by the board.

History: 1998-2000 AACS.

**R 432.1806 Submission and approval of rules of game.**

Rule 806. (1) A casino licensee or license applicant shall submit its rules of the game to the board in accordance with this rule.

(2) All rules of the game shall be in compliance with the provisions of the act and these rules.

(3) A casino licensee or license applicant shall submit its rules of the game in the following manner:

(a) When called for in these rules, a casino licensee or casino license applicant shall submit rules of the game to the board not less than 30 days before the commencement of gambling operations or the play of the game, or both.

(b) The board shall, in writing, approve or disapprove the rules of the game in total or in part.

(c) Any portion of the rules of the game not approved by the executive director may be revised and resubmitted by the casino licensee or the casino license applicant within the time period established by the board. This



method shall be followed until all portions of the rules of the game have been approved or approval cannot be obtained.

(d) Rules of the game may not be utilized by a casino licensee or casino license applicant unless the rules of the game have been submitted and approved, in writing, by the board. The board shall approve the proposed rules of the game if the rules satisfy all of the following criteria:

(i) The rules fulfill the purposes stated in the act and these rules.

(ii) The rules ensure that the game will be played with integrity.

(iii) The rules of the game are written in language that is plain to the player.

(iv) The rules will be prominently posted at or on the game.

(v) Other requirements necessary to protect the public and ensure public confidence in gaming.

(4) If the board determines, at any time, that approved rules of the game are not adequate to ensure compliance with the act and these rules or the integrity of the game, then the board may direct the casino licensee, in writing, to amend its rules of the game.

History: 1998-2000 AACS.

#### **R 432.1807 Amendments to rules of game.**

Rule 807. All of the following provisions apply to amendments to rules of the game:

(a) Unless otherwise provided by the board, a casino licensee or license applicant shall submit an amendment to the rules of the game, including variations of games, to the board not less than 30 days before utilizing the rules of the game.

(b) The board shall, in writing, approve or disapprove the amendment to the rules of the game in the same manner that an initial submission is approved or disapproved.

(c) A casino licensee may not utilize an amendment to the rules of the game unless the amendment to the rules of the game has been approved, in writing, by the board.

History: 1998-2000 AACS.

#### **R 432.1808 Table limits.**

Rule 808. (1) The rules of the game submitted by the casino licensee or casino license applicant shall require that table limits for each table will be clearly posted for the public.

(2) A casino licensee may amend the minimum and maximum wager at a table if the new maximum wager is not above the house maximum wager for the game.

A casino licensee may amend the minimum and maximum wagers of a table if both of the following actions are taken:

- (a) A sign is posted at the gaming table advising patrons of the new minimum and maximum wagers in effect for the table.
- (b) Patrons at the table are advised of the change.
- (3) A casino licensee may raise the house limit for individual patrons by following procedures for raising the limits that have been submitted with the rules of the game and approved in accordance with these rules.

History: 1998-2000 AACS.

**R 432.1809 Publication of rules and payout ratio for live gaming devices.**

Rule 809. A casino licensee shall, on request, provide, in printed form, the rules for each live game played in the casino. A casino licensee shall make payment in strict accordance with the rules of the game approved by the board. A casino licensee shall make payment in accordance with the odds established by the rules of the game approved by the board.

History: 1998-2000 AACS.

**R 432.1810 Gaming equipment generally.**

Rule 810. (1) Unless otherwise provided or approved by the board, all gaming equipment utilized by a casino licensee shall be in compliance with this part.

(2) If the board determines, at any time, that gaming equipment being utilized by a casino licensee is not adequate to ensure compliance with the act and these rules or the integrity of the game, then the board may direct the casino licensee, in writing, to utilize gaming equipment that does comply with the act and these rules or that ensures the integrity of the game.

History: 1998-2000 AACS.

**R 432.1811 Live gaming device table requirements.**

Rule 811. All of the following minimum requirements apply to a live gaming device:

- (a) A live gaming device shall be capable of having a drop box attached to it that is in compliance with all of the following requirements:
  - (i) The box has 1 lock that secures the contents of the drop box.
  - (ii) The box has a separate lock that attaches the drop box to the live gaming device. The keys to the lock securing the contents of the drop box and attaching the drop box to the live gaming device shall be separate.
  - (iii) The box has a slot opening through which currency, coins, tokens, chips, forms, records, and documents can be inserted into the drop box.
  - (iv) The box shall be equipped with a mechanical device that automatically closes and locks the slot opening upon removal of the drop box from the live gaming device.
  - (v) The box is attached to the side of the live gaming device table at which the dealer is located or at another location approved by the board.
  - (vi) The box has the type of game, the shift, and the live gaming device

table number to which the drop box is attached permanently imprinted on the drop box. The imprinted information shall be clearly visible.

(b) A live gaming device shall be capable of having a tip box attached to it for the deposit of tips and gratuities received by the dealer. The tip box shall be in compliance with all of the following requirements:

(i) It shall be a transparent container.

(ii) It shall be capable of being locked.

(iii) It shall be capable of being secured to the table by means of a chain, a lock, or the equivalent. If the tip box is attached by means of a lock, then the key to remove the tip box from the table shall be separate from the key that opens the tip box.

(iv) It shall be attached to the side of the live gaming device table at which the dealer is located or at another location approved by the board.

(c) A casino licensee may have emergency drop boxes to replace the drop boxes on a temporary basis. The emergency drop boxes shall be in compliance with the requirements in this rule and shall have the word "EMERGENCY" permanently and clearly imprinted on the boxes.

History: 1998-2000 AACS.

#### **R 432.1812 Live gaming inventory.**

Rule 812. (1) The casino licensee must assign a unique number to each live gaming device, which will be known as the asset number.

(2) The casino licensee must maintain an inventory of live gaming devices. The inventory must include all of the following information:

(a) The asset number assigned to the live gaming device by the casino licensee.

(b) The type of game for which the live gaming device is designed and used.

(c) The location of each live gaming device.

(d) The manufacturer of the live gaming device.

(3) A casino licensee must submit the inventory report to the board on a form prescribed by the board within 10 days of the issuance of the casino license and on each subsequent anniversary date of the issuance of the casino license.

History: 1998 MR 6, Eff. June 26, 1998; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1813 Playing card specifications.**

Rule 813. All playing cards utilized by a casino licensee shall be in compliance with all of the following specifications:

(a) Unless otherwise provided in this part or in the rules of the game document, all decks of cards shall be 1 complete standard deck of 52 cards in 4 suits.

The 4 suits shall be hearts, diamonds, clubs, and spades. Each suit shall consist of all of the following numerical cards:

(i) Two to 10.

- (ii) A jack.
- (iii) A queen.
- (iv) A king.
- (v) An ace.

(b) The backs of each card in a deck shall be identical and no card shall contain any marking, symbol, or design that will enable a person to know the identity of any element printed on the face of the card or that will differentiate the back of that card from any other card in the deck.

(c) All edges shall be perfectly square with each side at a precise 90 degree angle to each adjacent side of the card.

(d) The radius of all 4 corners shall be exactly the same.

(e) The name, trade name, or logo of the casino licensee or casino license applicant shall be imprinted on the back side of each playing card twice in a mirror image. The mirror imaged name, trade name, or logo of the casino licensee or casino license applicant shall be spaced a minimum of 3/4 of an inch apart.

(f) If playing cards have a white border, then the border shall be a minimum of 3/16 of an inch on each side of the card.

(g) In the hearts suit, the hearts shall be a burgundy red color.

(h) In the diamonds suit, the diamond pips shall be a burgundy red color.

(i) In the spades suit, the spades shall be a black color.

(j) In the clubs suit, the trefoil-shaped figure shall be a black color.

(k) All finished card decks are to be packaged using a cellophane or shrink wrap in single deck boxes that have a tamper-resistant security seal and a tear band.

(l) The manufacturer's identification name shall be placed on each deck box.

(m) The manufacturer's identification name shall be placed on each box containing individual decks of playing cards.

History: 1998-2000 AACCS.

#### **R 432.1814 Dice specifications.**

Rule 814. All dice utilized by a casino licensee shall be in compliance with all of the following specifications:

(a) Be formed in the shape of a perfect cube and of a size no smaller than 0.750 inches on each side nor larger than 0.775 inches on each side.

(b) The name, trade name, or logo of the casino licensee shall be imprinted on or in each die utilized by the casino licensee or casino license applicant.

(c) Be transparent and made exclusively of cellulose, except for the following:

(i) Spots.

(ii) Name, trade name, or logo of the casino licensee.

(iii) Serial number or letters, or both.

(d) The surface of each side of the die shall be perfectly flat and the spots contained in each side of the die shall be perfectly flush with the area surrounding the spots.

(e) The edges and corners of each die shall be perfectly square and form 90 degree angles with each adjacent side.

(f) The texture and finish of each side shall be exactly identical to the texture and finish of all other sides.

(g) The weight of each die shall be equally distributed throughout the cube, and no side of the cube may be heavier or lighter than any other side of the cube.

(h) Have 6 sides bearing white circular spots from 1 to 6, respectively, with the diameter of each spot equal to the diameter of every other spot on the die.

(i) Have spots arranged so that all of the following provisions are satisfied:

(i) The side containing 1 spot is directly opposite the side containing 6 spots.

(ii) The side containing 2 spots is directly opposite the side containing 5 spots.

(iii) The side containing 3 spots is directly opposite the side containing 4 spots.

(j) Each spot shall be placed on the die by drilling, or the equivalent, into the surface of the cube and filling the drilled out portion with a compound that is equal in weight to the weight of the cellulose drilled out and that forms a permanent bond with the cellulose cube.

History: 1998-2000 AACS.

### **R 432.1815 Removal of cards or dice from play.**

Rule 815. (1) A casino licensee shall remove any dice or playing cards if there is an indication of any of the following:

(a) The dice or playing cards have been tampered with.

(b) The dice or playing cards are flawed.

(c) The dice or playing cards are defective and the defect may affect the integrity or fairness of the game.

(2) If there is an indication that dice or playing cards have been tampered with, then the pit boss, or his or her equivalent, shall place the dice or playing cards in an envelope, seal the envelope, and give the envelope to the Michigan state police gaming section. The pit boss, or his or her equivalent, shall note all of the following information on the outside of the envelope:

(a) The date and time the dice or playing cards were removed from play.

(b) The live gaming device from which the dice or playing cards were removed from play.

(c) The characteristics that indicate that the dice or playing cards were tampered with.

(d) The name of all occupational licensees at the live gaming device from which the dice or playing cards were removed, and the name of the pit boss, or his or her equivalent, who removed the dice or playing cards from play.

(3) Except for dice that are removed from play due to the possibility of tampering, all dice shall be canceled when removed from play. Dice may be canceled by any of the following means:

(a) Drilling a circular hole that is not less than 1/4 of an inch in diameter through the center of each die.

(b) Destroying the die by shredding.

(c) Canceling the die in any other manner approved by the executive director.

(4) Except for playing cards that are removed from play due to the possibility of tampering, all playing cards shall be canceled by 1 of the following methods:

(a) Drilling a circular hole that is not less than 1/4 of an inch in diameter through the center of each card in the deck.

(b) Shaving not less than 2 corners of each playing card so that each side is no longer at 90 degree angles with each adjacent side.

(c) The cards are destroyed by shredding.

(d) Canceling the cards by any other method approved by the executive director.

(5) This rule shall not prevent a licensee from removing cards and dice from a game at any time in its discretion.

History: 1998-2000 AACS.

#### **R 432.1816 Storage of cards or dice.**

Rule 816. (1) All dice or playing cards that are not being utilized at a live gaming device shall be kept in locked compartments.

(2) Dice and playing cards shall not be left at a live gaming device while unattended.

(3) Casino licensees shall maintain an inventory of all dice and playing cards on forms prescribed by the board. The inventory shall contain all of the following information:

(a) The date on which dice and playing cards are received.

(b) The quantity of the dice and playing cards received.

(c) The name, business address, and business telephone number of the manufacturer from which the dice or playing cards are received.

(d) The quantity of dice and playing cards that are placed into play each day.

(e) The quantity of dice and playing cards that are removed from play due to suspected tampering and the date of the removal.

(f) The quantity of dice and playing cards that are removed from play and canceled each day.

(4) A casino licensee shall conduct a physical inventory of the dice and playing cards every 3 months. A casino licensee shall record the results of the physical inventory on forms prescribed by the board. A casino licensee shall reconcile inventory maintained in subrule (3) of this rule with the results of the physical inventory. A casino licensee shall immediately

report any discrepancies in the inventory forms and the physical inventory to the board.

History: 1998-2000 AACS.

**R 432.1817 Inspection of cards.**

Rule 817. (1) When playing cards are accepted for play at a live gaming device, the occupational licensee accepting the playing cards shall inspect the playing cards to ensure the playing cards comply with this rule.

(2) Playing cards shall be inspected by sorting the cards sequentially by suit and inspecting the sides of the cards for crimps, bends, cuts, shaving, or any other defect that would affect the integrity or fairness of the game.

History: 1998-2000 AACS.

**R 432.1818 Inspection of dice.**

Rule 818. (1) Before dice are placed into play at a live gaming device, the pit boss, or his or her equivalent, shall inspect the dice to ensure the dice comply with this rule.

(2) Dice shall be inspected by all of the following methods on a flat surface that allows the inspection of the dice to be monitored by the surveillance system:

(a) A micrometer or any other approved instrument that performs the same function.

(b) A balancing caliper.

(c) A steel set square and magnet.

(3) A casino licensee shall store the micrometer or other approved instrument, the balancing caliper, and the steel set square and magnet in a secure place that is not accessible by the public.

History: 1998-2000 AACS.

**R 432.1819 Casino gaming wagering; cashless wagering system required.**

Rule 819. A casino licensee shall use a cashless wagering system in its gambling operation. The system shall convert a player's money to chips, tokens, electronic cards, or electronic credits approved by the board. A player shall use the chips, tokens, electronic cards, or electronic credits for wagering on gambling games at the casino. Casino gaming wagers may be made only with board-approved chips, tokens, or electronic cards, or electronic credits. The chips, tokens, electronic cards, and electronic credits may only be used and redeemed at the casino at which they are issued.

History: 1998-2000 AACS.

**R 432.1820 Cashing-in.**

Rule 820. A casino licensee shall comply with all federal and state regulations for the withholding of taxes from winnings or the filing of currency transaction reports, or both. A patron shall produce an identification card confirming information required by all federal and state regulations for the withholding of taxes from winnings or currency transaction reports, or both, before the disbursement of winnings.

History: 1998-2000 AACS.

**R 432.1821 Submission of chips for review and approval.**

Rule 821. (1) A casino licensee shall submit, to the board for approval, a sample of each denomination of value and nonvalue chips in its primary and secondary sets and shall not utilize the chips for gaming purposes until approved by the executive director.

(2) In requesting approval of the chips, a casino licensee, before having any chips manufactured, shall first submit, to the board, a detailed schematic of its proposed chips, or a sample chip, which shall show the front, back, and edge of each denomination of value chip and each nonvalue chip and the design and wording to be contained on the chip, all of which shall be depicted on the schematic or chip as they will appear, both as to size and location, on the actual chip. Once the design schematics or chip is approved by the board, a value or nonvalue chip shall not be issued or utilized until a sample of each denomination of value chip and each color of nonvalue chip is also submitted to, and approved by, the board.

(3) A casino licensee or other person licensed by the board shall not manufacture for, sell to, distribute to, or use in, any casino outside Michigan any value or nonvalue chips that have the same edge design as chips approved for use in Michigan.

History: 1998-2000 AACS.

**R 432.1822 Chip specifications.**

Rule 822. (1) All of the following specifications apply to value chips:

(a) A chip issued by a casino licensee shall be round in shape and have the name of the casino and the specific value of the chip clearly and permanently impressed, engraved, or imprinted on the chip, except that a casino licensee may issue gaming chips without a value impressed, engraved, or imprinted on the chip for roulette. A chip that has a value contained on the chip shall be known as a "value chip" and a chip that does not have a value contained on the chip shall be known as a "nonvalue chip."

(b) A value chip may be issued by the casino licensee in denominations of 50 cents, \$1.00, \$2.50, \$5.00, \$20.00, \$25.00, \$100.00, \$500.00, \$1,000.00, and \$5,000.00. The casino licensee shall have discretion to determine the denominations to be utilized in its casino and the amount of each



denomination for the conduct of casino gaming operations.

(c) Each denomination of value chip shall have a primary color different from every other denomination of value chip. Value chips shall fall within the colors set forth in this subdivision when the chips are viewed both in daylight and under incandescent light. In conjunction with the primary colors, each casino licensee shall utilize contrasting secondary colors for the edge spots on each denomination of value chip. Unless otherwise approved by the executive director, a casino licensee shall not use a secondary color on a specific denomination of chip identical to the secondary color used by another casino licensee on the same denomination of the value chip. The primary color that a casino licensee shall utilize for each denomination of value chip is as follows:

- (i) 50 cents "Mustard yellow."
- (ii) \$1.00 "White."
- (iii) \$2.50 "Pink."
- (iv) \$5.00 "Red."
- (v) \$20.00 "Yellow."
- (vi) \$25.00 "Green."
- (vii) \$100.00 "Black."
- (viii) \$500.00 "Purple."
- (ix) \$1,000.00 "Fire orange."
- (x) \$5,000.00 "Gray."

(d) Each denomination of value chip utilized by a casino licensee shall, unless otherwise authorized by the board, be in compliance with all of the following specifications:

- (i) Have a center portion containing the value of the chip and the casino issuing it of a different shape from each other denomination.
- (ii) Be designed so that the specific denomination of the chip can be determined on closed circuit black and white television when placed in a stack of chips of other denominations.
- (iii) Be designed, manufactured, and constructed so as to prevent, to the greatest extent possible, the counterfeiting of the chips or each chip shall have an embedded microchip identifying the issue and denomination of the chip.

(e) The board has the discretion to approve a value chip in denominations that deviate from the requirements of this rule if deviation is specifically identified by the casino licensee and if the deviation does not affect the control, security, or integrity of the chips or the operation of the games.

(2) All of the following provisions apply to nonvalue chips:

(a) Each nonvalue chip utilized by a casino shall be issued solely for the purpose of gaming at roulette. Nonvalue chips at each roulette table shall be in compliance with all of the following requirements:

- (i) Have the name of the casino issuing it impressed, engraved, or imprinted into its center.
- (ii) Contain a design, insert, or symbol differentiating it from the nonvalue chips being used at every other roulette table in the casino.

(iii) Have the word "roulette" impressed on it.

(iv) Be designed, manufactured, and constructed so as to prevent, to the greatest extent possible, the counterfeiting of the chips.

(b) Nonvalue chips issued at a roulette table shall only be used for gaming at that table and shall not be used for gaming at any other table in the casino.

A casino licensee or its employees shall not allow a casino patron to remove nonvalue chips permanently from the table from which the chips were issued.

(c) An individual at a roulette table shall not be issued or permitted to wager with nonvalue chips that are identical in color and design to value chips or to nonvalue chips being used by another individual at the same table. When a patron purchases nonvalue chips, a nonvalue chip of the same color shall be placed in a slot or receptacle attached to the outer rim of the roulette wheel. At that time, a marker button denoting the value of a stack of 20 chips of that color shall be placed in the slot or receptacle.

(d) Nonvalue chips shall only be presented for redemption at the table from which they were issued and shall not be redeemed or exchanged at any other location in the casino gaming operation. When presented for redemption, the dealer at the table shall exchange the chips for an equivalent amount of value chips, which may then be used by the patron in gaming or redeemed in the manner provided for value chips.

(e) A casino licensee shall have the discretion to permit, limit, or prohibit the use of value chips in gaming in roulette. However, it is the responsibility of a casino licensee to keep an accurate account of the wagers being made at roulette with value chips so that the wagers made by one player are not confused with wagers made by another player at the table.

History: 1998-2000 AACS.

**R 432.1823 Primary, secondary, and reserve sets of gaming chips.**

Rule 823. (1) Unless otherwise authorized by the board, each casino shall have a primary set of value chips, a separate secondary set of value chips, and a nonvalue chip reserve that conform to the color and design specification set forth in these rules. An approved secondary set of value chips and reserve nonvalue chips shall be placed into active play if the primary set is removed.

(2) The secondary set of value chips shall have different secondary colors than the primary set of value chips. A secondary set of value chips is required for all denominations.

(3) A casino licensee shall have a nonvalue chip reserve for each color utilized in the casino and a design insert or symbol of the reserve chips shall be different from the nonvalue chips comprising the primary set.

(4) A casino licensee shall remove the primary set of gaming chips from active play if any of the following provisions apply:

(a) A determination is made by the casino licensee or a board agent that

the casino gaming operation is receiving a significant number of counterfeit chips.

(b) Any other impropriety or defect in the utilization of the primary set of chips makes removal of the primary set necessary.

(c) The board directs.

(5) If the primary set of chips is removed from active play, then the casino licensee shall immediately notify the board as to the reason for the removal.

History: 1998-2000 AACCS.

### **R 432.1824 Issuance and use of tokens for gaming in electronic gaming devices.**

Rule 824. (1) A casino licensee shall not issue, or cause to be utilized, in a casino gaming operation, any tokens for gaming in electronic gaming devices unless the tokens are approved by the board. In requesting approval of the tokens, a casino licensee shall first submit, to the board, a detailed schematic of its proposed token. The schematic shall show its front, back, and edge, its diameter and thickness, and any logo, design, or wording to be contained on the token, all of which shall be depicted on the schematic as they will appear, both as to size and location, on the actual token. Once the design schematics are approved by the board, a token shall not be issued or utilized until a sample of the token is also submitted and approved by the board.

(2) A casino licensee may, with the approval of the board, issue metal tokens designed for gaming in its electronic gaming devices. The tokens shall be in compliance with all of the following requirements:

(a) Clearly identify the name and location of the casino gaming operation issuing them.

(b) Clearly state the face value of the token.

(c) Contain the statement "Not Legal Tender."

(d) Contain, on at least 1 face, a statement approved by the board as to form and content that notifies a patron that the token will be accepted to activate play only in electronic gaming devices operated by the casino licensee that issued it.

(e) Not be deceptively similar to any current or past coin of the United States or a foreign country.

(f) Be of a size or shape or have other characteristics that will physically prevent their use to activate lawful vending machines or other machines designed to be operated by coins of the United States.

(g) Not be manufactured from a ferromagnetic material or from a 3-layered material consisting of a copper-nickel alloy clad on both sides of a pure copper core or from a copper based alloy, except if the total zinc, nickel, aluminum, magnesium, and other alloying metal is more than 25% of the token's weight.

(h) Incorporate the anti-counterfeit features and other security measures

the board requires.

- (i) Be disk-shaped and conform to all of the following measurements:
  - (i) The diameter of the 5 cent denomination tokens shall be between 0.795 and 0.805 inches and the width must be between 0.072 and 0.078 inches.
  - (ii) The diameter of the 10 cent denomination tokens shall be between 0.870 and 0.880 inches and the width must be between 0.058 and 0.067 inches.
  - (iii) The diameter of the 25 cent denomination tokens shall be between 0.979 and 0.989 inches and the width between 0.064 and 0.070 inches.
  - (iv) The diameter of the 50 cent denomination tokens shall be between 1.235 and 1.248 inches and the width between 0.077 and 0.083 inches.
  - (v) The diameter of the \$1.00 denomination tokens shall be between 1.460 and 1.470 inches and the width between 0.098 and 0.104 inches.
  - (vi) The diameter of the \$2.00 denomination tokens shall be between 1.335 and 1.348 inches and the width between 0.098 and 0.104 inches.
  - (vii) The diameter of the \$5.00 denomination tokens shall be between 1.750 and 1.760 inches and the width between 0.119 and 0.125 inches.
  - (viii) The diameter of the \$10.00 denomination tokens shall be between 1.695 and 1.705 inches and the width between 0.133 and 0.139 inches.
  - (ix) The diameter of the \$25.00 denomination tokens shall be between 1.645 and 1.655 inches and the width between 0.093 and 0.099 inches.
  - (x) The diameter of the \$100.00 denomination tokens shall be between 1.595 and 1.605 inches and the width between 0.077 and 0.083 inches.
- (3) Tokens approved for issuance by a casino licensee shall be in compliance with all of the following provisions:
  - (a) Be issued to a patron upon payment for the tokens, or in accordance with a complimentary distribution program authorized under the act or these rules.
  - (b) Be capable of insertion into designated electronic gaming devices operated by a casino licensee for the purpose of activating play.
  - (c) Be available as a payout from the hopper of electronic gaming devices.
  - (d) Be redeemable by the patron in accordance with the act and these rules.

History: 1998-2000 AACCS.

#### **R 432.1825 Distribution of coupons for complimentary chips and tokens.**

Rule 825. A casino licensee may, for specified marketing purposes, provide patrons of its casino gaming operation with coupons redeemable for complimentary chips or tokens, if both of the following requirements are satisfied:

- (a) The processes and procedures for the control, accountability, and distribution of coupons for chips and tokens and for the redemption of the coupons are provided for in a casino licensee's internal control system and are in conformance with the internal control system.
- (b) Periodic internal audits validate the integrity and accountability of the processes and procedures authorized and required under these rules.

History: 1998-2000 AACS.

**R 432.1826 Exchange of chips and tokens.**

Rule 826. (1) A casino licensee shall issue chips to an individual only at the request of the individual and shall not be given chips as change in any other transaction. A casino licensee shall issue chips only to casino patrons at cashier's cages or at the live gaming devices and shall redeem chips only at a cashier's cage.

(2) A casino licensee shall issue tokens only at the request of a patron and only from a cashier's cage, token dispenser, or employees of a casino licensee at the electronic gaming device area. A casino licensee shall redeem tokens only at a cashier's cage.

(3) A casino licensee shall redeem chips or tokens only from its patrons and shall not knowingly redeem chips or tokens from any nonpatron source, except as follows:

(a) If nongaming employees of the casino present chips or tokens for redemption as provided in the approved internal control system of the casino.

(b) If another casino licensee presents tokens for redemption that have been lawfully received by the casino licensee.

(c) Subject to the approval of the executive director, if a person who is licensed to conduct gaming in another jurisdiction presents tokens for redemption that have been lawfully received by the person.

(4) A casino licensee shall promptly redeem its own chips and tokens by cash or by check dated the day of the redemption on an account of the casino licensee, as requested by the patron, except when the chips and tokens were obtained or used unlawfully.

(5) A casino licensee may demand the redemption of its chips or tokens from any individual in possession of them. An individual shall redeem the chips or tokens upon presentation of an equivalent amount of cash by the casino licensee.

(6) A casino licensee shall cause to be posted and keep posted, in a prominent place, both of the following signs:

(a) On the front of a cashier's cage, a sign that reads as follows: "Gaming chips issued by another casino may not be wagered or redeemed in this casino."

(b) On electronic gaming device token redemption booths, a sign that reads as follows: "Tokens issued by another casino may not be wagered or redeemed in this casino."

History: 1998-2000 AACS.

**R 432.1827 Receipt of gaming chips or tokens from manufacturer or**

**distributor.**

Rule 827. (1) When chips or tokens are received from the manufacturer or distributor, they shall be opened and checked by not less than 2 employees of a casino licensee from different departments. A casino licensee shall promptly report, to the board, any deviation between the invoice accompanying the chips or tokens and the actual chips or tokens received or any defects found in the chips or tokens. The supplier licensee shall give the board prior notification of the delivery of chips or tokens to a casino licensee. A casino licensee shall not accept the delivery of tokens or chips unless the board has been given prior notification of the delivery.

(2) After checking the chips received, a casino licensee shall cause to be reported, in a chip inventory ledger, all of the following information:

- (a) The denomination of the chips received.
- (b) The number of each denomination of chip received.
- (c) The number and description of all nonvalue chips received.
- (d) The date of the receipt.
- (e) The signature of the individuals who checked the chips.

(3) If any of the chips received are to be held as reserve chips and not utilized either at the gaming tables or at a cashier's cage, then a licensee shall ensure that the chips are stored in a separate locked compartment either in the vault or in a cashier's cage and are recorded in the chip inventory ledger as reserve chips.

(4) A licensee shall ensure that any chips received that are part of the secondary set of chips of the casino are recorded in the chip inventory ledger as secondary chips and are stored in a locked compartment in the casino vault separate from the reserve chips.

History: 1998-2000 AACS.

**R 432.1828 Inventory of chips.**

Rule 828. (1) Chips shall be taken from or returned to either the reserve chip inventory or the secondary set of chips in the presence of not less than 2 individuals, 1 of whom shall be from the security department. The denominations, number, and amount of chips taken or returned shall be recorded in the chip inventory ledger together with the date and signatures of the individuals carrying out the process.

(2) A casino licensee shall, on a biweekly basis, compute and record the unredeemed liability for each denomination of chips and ensure that an inventory of chips in circulation is made and ensure that the result of the inventory is recorded in the chips inventory ledger. On a monthly basis, a casino licensee shall ensure that an inventory of chips in reserve is made and ensure that the result of the inventory is recorded in the chip inventory ledger. A licensee shall submit the procedures to be utilized to compute the unredeemed liability and to inventory chips in circulation and reserve to the board for approval.

A physical inventory of chips in reserve shall be required annually if the inventory procedures incorporate the sealing of the locked compartment.

(3) During nongaming hours, a licensee shall ensure that all chips in the possession of the casino are stored in the chip bank, in the vault, or in a locked compartment in a cashier's cage. However, chips may be locked in a transparent compartment on gaming tables if there is adequate security as approved by the board.

History: 1998-2000 AACS.

**R 432.1829 Authorized use of tokens.**

Rule 829. Tokens approved for issuance by a casino licensee shall be in compliance with all of the following provisions:

(a) Be issued to a patron upon payment for the chips or in accordance with a complimentary distribution program approved by the board.

(b) Be capable of insertion into an electronic gaming device at the casino to activate play.

(c) Be available as a payout from the hopper of an electronic gaming device.

(d) Be redeemable by a patron in accordance with the act and these rules.

History: 1998-2000 AACS.

**R 432.1830 Destruction of chips and tokens.**

Rule 830. (1) Before destroying chips, a casino licensee shall notify the executive director, in writing, of the date and the location at which the destruction will be performed, the denomination, number, and amount of value chips to be destroyed, the description and number of nonvalue chips to be destroyed, and a detailed explanation of the method of destruction. Unless otherwise authorized by the board, the destruction of chips shall be carried out in the presence of not less than 2 individuals, 1 of whom shall be an employee of the board. A licensee shall ensure that the denomination, number, and amount of value chips, and the number and description of nonvalue chips, destroyed are recorded in the chip inventory ledger together with the signatures of the individuals carrying out the destruction and the date on which the destruction took place.

(2) A casino licensee shall submit, to the board for approval, procedures to record the receipt, inventory, storage, and destruction of gaming tokens.

History: 1998-2000 AACS.

**R 432.1831 Destruction of counterfeit chips and tokens.**

Rule 831. (1) This rule applies to a casino licensee and a casino license applicant.

(2) All of the following provisions apply to the notice of counterfeit chips and tokens:

(a) A casino licensee shall notify the board and the executive director, in

writing, immediately upon the discovery of a counterfeit chip or chips or token or tokens that results in a loss of more than \$1,000.00 to the licensee.

(b) The board or the Michigan state police may take possession of the counterfeit chips or tokens.

(c) The board shall determine the disposition of any counterfeit chip or token, including, but not limited to, destruction of a counterfeit chip or token, in accordance with these rules.

(3) All of the following provisions apply to the destruction of counterfeit chips and tokens:

(a) Unless the board or a law enforcement officer instructs in writing, or a court of competent jurisdiction orders otherwise in a particular case, a casino licensee shall destroy or otherwise dispose of counterfeit chips and tokens discovered in the casino in a manner approved by the board.

(b) Unless the board or a law enforcement officer instructs in writing, or a court of competent jurisdiction orders otherwise in a particular case, a casino licensee may dispose of coins of the United States or any other nation discovered to have been incorrectly used in the casino or, in the case of foreign coins, may exchange them for United States currency or coins and include the currency or coins in the casino's currency or may dispose of them in any other lawful manner.

(c) A casino licensee or casino license applicant shall notify the board, in writing, not less than 30 days before counterfeit chips or tokens are destroyed. The casino licensee or casino license applicant shall notify the board of all of the following information:

(i) The number and denominations, actual and purported, of the coins and counterfeit chips and tokens destroyed or otherwise disposed of under this rule.

(ii) The date on which the coins and counterfeit chips and tokens were discovered.

(iii) The date, place, and method of destruction or other disposition, including, in the case of foreign coin exchanges, the exchange rate and the identity of the bank, exchange company, or other business or person at which, or with whom, the coins are exchanged.

(iv) The names of the occupational licensees carrying out the destruction or other disposition on behalf of the casino licensee or casino license applicant.

(v) Other information deemed necessary by the board to ensure compliance with the act and these rules.

(4) Unless otherwise approved by the board, not less than 2 people, 1 of whom is an agent of the board, shall be present when the counterfeit chips or tokens are destroyed.

(5) Unless the board notifies the casino licensee or casino license applicant within 30 days of the receipt of the letter set forth in subrule (3) of this rule, the method of destruction will be deemed approved.

(6) A casino licensee or casino license applicant shall maintain records required by this rule for not less than 5 years.



History: 1998-2000 AACS.

**R 432.1832 Complimentary chip and token distribution programs.**

Rule 832. (1) A casino licensee may, for specified marketing purposes, provide patrons with coupons that are redeemable for complimentary chips or tokens, or both.

(2) A casino licensee shall distribute complimentary chips or tokens only in accordance with these rules and an approved internal control procedure.

History: 1998-2000 AACS.

**R 432.1833 Submission of internal controls for complimentary chip and token program.**

Rule 833. (1) The submission of the internal control procedures concerning complimentary chips and token programs shall be conducted as follows:

(a) A casino licensee shall submit internal control procedures to the board not less than 20 business days before the initiation of the program.

(b) The board shall, in writing, approve the internal control procedures in total or in part.

(c) A casino licensee shall revise and resubmit any portion of the internal control procedures not approved by the board within the time frame established by the board. A casino licensee shall revise and resubmit the internal control procedures until all portions of the internal control procedures have been approved or approval cannot be obtained.

(d) A casino licensee may not use an internal control procedure unless the internal control procedure has been approved, in writing, by the board.

(2) If the board determines, at any time, that approved internal control procedures are not adequate to ensure compliance with the act and these rules, then the board may direct the casino licensee, in writing, to amend its internal control procedure in accordance with subrule (1)(c) of this rule.

History: 1998-2000 AACS.

**R 432.1834 Amendments to internal control procedures.**

Rule 834. A casino licensee shall make amendments to the internal control procedures with respect to complimentary chip and token programs as follows:

(a) Unless otherwise provided by the board, a licensee shall submit amendments to the internal control procedures to the board not less than 20 business days before utilizing the amended internal control procedure.

(b) The board or designee shall, in writing, approve the amendment to the internal control procedure in total or in part.

(c) A casino licensee shall not use an amendment to internal control procedures unless the amendment to the internal control procedure has been

approved, in writing, by the board.

History: 1998-2000 AACS.

**R 432.1835 Accounting procedures and distribution program.**

Rule 835. (1) Not less than 2 casino departments shall be responsible for administering the coupon accounting procedures and distribution program. One casino department shall be responsible for storing the coupons and the other department shall be responsible for issuing the coupons.

(2) A casino licensee shall ensure that coupons received from a vendor are opened and examined by not less than 2 individuals from different casino departments. A casino licensee shall ensure that any deviations in the coupons ordered and coupons received are recorded in compliance with subrule (3) of this rule and are reported immediately to the appropriate supervisor.

(3) A casino licensee shall maintain a coupon control ledger in the manner prescribed by the board. The coupon control ledger shall contain, at a minimum, all of the following information:

- (a) The date the coupons were received.
  - (b) The type and quantity of coupons received.
  - (c) The beginning serial number of the coupons received.
  - (d) The ending serial number of the coupons received.
  - (e) The purchase order number or requisition number for the coupons received.
  - (f) The signatures and occupational license numbers of all individuals who examined the coupons upon receipt of the coupons.
  - (g) The date the coupons were issued to the casino distribution department.
  - (h) The beginning serial number of the coupons issued to the casino distribution department.
  - (i) The ending serial number of the coupons issued to the casino distribution department.
  - (j) The number and quantity of coupons issued to the casino distribution department.
  - (k) The balance of unissued coupons on hand.
  - (l) The name, title, occupational license number, and signature of the representative issuing the coupons.
  - (m) The name, title, occupational license number, and signature of the representative receiving the issued coupons.
  - (n) A record of any coupons that are distributed to patrons.
  - (o) A record and explanation of any deviations noted.
- (4) The casino department responsible for distributing the coupons shall maintain a daily coupon reconciliation form. One daily coupon reconciliation form shall be completed to account for all individuals responsible for distributing coupons to patrons. The daily coupon reconciliation form shall contain, at a minimum, all of the following information:
- (a) The date.
  - (b) The type of coupon being issued.

- (c) The beginning and ending serial numbers of the coupons the individual has to distribute to patrons.
  - (d) The quantity of coupons the individual has to distribute to patrons.
  - (e) The total number of coupons the individual distributed to patrons.
  - (f) The beginning and ending serial numbers of coupons not distributed to patrons.
  - (g) The total number of coupons not distributed to patrons.
  - (h) The serial numbers of any coupons that were voided and the reason the coupons were voided.
  - (i) The name, title, occupational license number, and signature of the individual distributing the coupons to patrons and completing the form.
  - (j) The name, title, occupational license number, and signature of the supervisor.
  - (k) Any variations discovered and an explanation of the variations.
- (5) Not less than 30 business days before the initiation of the coupon distribution program a casino licensee shall submit internal control procedures concerning the coupon distribution program to the board. The internal control procedures shall include, at a minimum, all of the following information:
- (a) The casino departments that will be responsible for administering the coupon distribution program.
  - (b) The security measures that will be taken with respect to the coupons, including, but not limited to, all of the following information:
    - (i) The manner in which the coupons will be ordered.
    - (ii) The manner in which the coupons will be inventoried upon receipt by the casino licensee.
    - (iii) The manner in which the coupons will be stored and the individuals who will have access to the coupons.
    - (iv) The manner in which discrepancies will be handled.
    - (v) The manner in which coupons will be voided.
  - (c) The casino department or departments that will be responsible for administering the coupon distribution program.
  - (d) The manner in which the coupons will be distributed.
  - (e) The schedule for conducting routine inventories of active unissued coupons. The inventory shall be conducted monthly by not less than 2 individuals from separate casino departments. The results of the inventory shall be recorded in the coupon control ledger.
  - (f) The manner in which coupons will be removed from the inventory, recorded, and voided once the coupons become inactive.
  - (g) The manner in which the casino department responsible for distributing the coupons can requisition coupons from the casino department responsible for storing the coupons.
  - (h) The maximum number of days in advance of an event that coupons can be requisitioned by the casino department responsible for issuing the coupons. The requisition document shall contain, at a minimum, all of the following information:

- (i) The date the requisition is prepared.
- (ii) The day and date for which the coupons are needed.
- (iii) The type or types of coupons that are requested.
- (iv) The number of coupons required.
- (v) The name, title, and occupational license number of the individual completing the requisition.
- (vi) The name, title, occupational license number, and signature of the supervisor authorizing the requisition.
- (i) The casino department responsible for storing the coupons shall complete all of the following information before the coupons are given to the casino department responsible for distributing the coupons:
  - (i) The name, title, occupational license number, and signature of the representative filling the order.
  - (ii) The beginning serial number of the coupons issued.
  - (iii) The ending serial number of coupons issued.
  - (iv) The total number of and type of coupons issued.
  - (v) The name, title, occupational license number, and signature of the supervisor.
  - (vi) A record and explanation of any coupons that were voided due to discrepancies. The casino department responsible for storing the coupons shall enter the information in paragraphs (ii) to (iv) of this subdivision in the coupon control ledger.
  - (j) The manner in which the coupons will be issued. The casino licensee shall require that coupons shall be stamped with the date of issuance.
  - (k) The location of the locked cabinet in which the coupons will be stored before the distribution of the coupons.
  - (l) The casino licensee shall assure that coupons that are distributed shall be entered in the coupon control ledger.
  - (m) The manner in which coupons may be redeemed for chips or tokens, or both, by patrons.
  - (n) The manner in which coupons redeemed by patrons will be canceled.
  - (o) The manner in which the coupons distributed, coupons not distributed, and coupons issued will be reconciled.
  - (p) The manner in which coupons that have been issued, but not distributed to patrons in the appropriate time frame, will be voided and reconciled.
  - (q) The manner in which a dealer or cage employee shall receive and account for coupons redeemed by patrons.

History: 1998-2000 AACS.

**R 432.1836 Coupon requirements.**

Rule 836. (1) Coupons utilized in the complimentary chips and token program shall be original instruments and shall contain, at a minimum, all of the following information:

- (a) Any serial number assigned to the coupon.
- (b) A description of the value of the coupon.

- (c) The location or locations where the coupon may be redeemed.
- (d) The name of the casino licensee.
- (e) The date or dates for which the coupon is valid.
- (f) Any other information deemed necessary by the board to ensure compliance with the act and these rules.

If a multiple-part coupon is utilized, then each part of the coupon shall contain the information set forth in this subrule.

(2) Coupons shall be designed and manufactured so that the denomination and type of coupon can be determined utilizing the surveillance system.

History: 1998-2000 AACS.

#### **R 432.1837 Records.**

Rule 837. (1) A casino licensee shall maintain the records required by this part for at least 1 year.

(2) A casino licensee shall allow the board access to, or provide copies of, the records maintained under this rule upon request by the board.

History: 1998-2000 AACS.

#### **R 432.1838 Authorization for progressive electronic gaming devices.**

Rule 838. (1) This rule authorizes the use of progressive electronic gaming devices within 1 casino if the electronic gaming devices comply with the requirements of these rules.

(2) A casino licensee or provider of a wide area progressive system must provide the board with the following information before using progressive electronic gaming devices in its casino:

(a) The serial numbers of the electronic gaming devices that are common to a single progressive link.

(b) The odds of hitting the progressive amount on each electronic gaming device that is attached to the link.

(c) The reset value of the progressive link.

(d) The rate of progression for the progressive link.

(e) How the rate of progression is split between the various progressive components.

(f) Other information deemed necessary by the executive director or the board to ensure compliance with the act and this part.

(3) Wide area progressive systems that link gaming devices in more than 1 casino may not be used without prior written board approval.

(4) The following provisions apply to progressive electronic gaming devices:

(a) A progressive electronic gaming device is an electronic gaming device that has a payoff that increases uniformly as the electronic gaming device is played.

(b) A progressive jackpot may be won where a certain preestablished criteria, which does not have to be a winning combination, is satisfied.

(c) A bonus game where certain circumstances are required to be satisfied before awarding a fixed bonus prize is not a progressive electronic gaming device and is not subject to this rule.

(5) A casino licensee or provider of a wide area progressive system must not reduce the amount displayed on a progressive jackpot meter or otherwise reduce or eliminate a progressive jackpot unless 1 of the following circumstances exist:

(a) A player wins the jackpot.

(b) The casino licensee adjusts the progressive jackpot meter to correct a malfunction or to prevent the display of an amount greater than a limit imposed in these rules and the casino licensee documents the adjustment and the reasons for it.

(c) The casino licensee's gaming operations at the establishment cease for any reason other than a temporary closure where the same licensee resumes gaming operations at the same establishment within a month.

(d) The casino licensee distributes the incremental amount to another progressive jackpot at the casino licensee's establishment if all the following circumstances exist:

(i) The casino licensee documents the distribution.

(ii) A machine offering the jackpot to which the casino licensee distributes the incremental amount does not require that more money be played on single play to win the jackpot than the machine from which the incremental amount is distributed.

(iii) A machine offering the jackpot to which the incremental amount is distributed complies with the board's minimum theoretical payout requirement.

(iv) The distribution is completed within 30 days after the progressive jackpot is removed from play or within a longer period as the board, for good cause, may approve.

(e) The board, for good cause, approves in writing, a reduction, elimination, distribution, or procedure not other described in this rule.

(6) The following provisions apply to permitting the transfer of a progressive jackpot that is in play:

(a) A progressive jackpot that is currently in play may be transferred to another progressive electronic gaming device on the casino floor under any of the following circumstances:

(i) Electronic gaming device malfunction.

(ii) Electronic gaming device replacement.

(iii) Other good reason deemed appropriate by the board to ensure compliance with the act and these rules.

(b) If the events set forth in subdivision (a) of this subrule do not occur, then the progressive award must be permitted to remain until it is won by a player or until transfer is approved by the board.

(7) The following provisions apply to recording, keeping, and reconciling the jackpot amount.

(a) A casino licensee must maintain a record of the amount shown on a progressive jackpot meter.

(b) A casino licensee must maintain supporting documents to explain any reduction in the payoff amount from a previous entry.

(c) A casino licensee must retain the records and documents for a period of 5 years unless otherwise provided by the board in writing.

(8) An electronic gaming device must either contain or be linked to a progressive display showing the current payoff to all players who are playing an electronic gaming device and who may potentially win the progressive amount.

(9) Except as otherwise authorized by the board, in writing, when 2 or more progressive electronic gaming devices are linked together, each electronic gaming device on the link must have the same probability of hitting the combination that will award the progressive jackpot or jackpots.

(10) The following provisions apply to the normal operating mode of the progressive controller:

(a) During the normal operating mode of the progressive controller, the controller must do both of the following:

(i) Continuously monitor each electronic gaming device attached to the controller to detect credits wagered.

(ii) Multiply the credits wagered by the programmed rate of progression to determine the correct amounts to apply to the progressive jackpot.

(b) The progressive display must be constantly updated as play on the link continues. It is acceptable to have a slight delay in the update if, when a jackpot is triggered, the jackpot amount is shown immediately.

(11) Both of the following provisions apply to the jackpot operating mode of the progressive controller:

(a) The progressive controller must send to the electronic gaming device the amount that was won. The electronic gaming device must update its electronic meters to reflect the winning jackpot amount consistent with this rule. In instances where the jackpot values are extremely high, the board may waive the requirements of this rule.

(b) If more than 1 progressive electronic gaming device is linked to the progressive controller, then the progressive controller or other approved attached device or system must automatically reset to the reset amount and continue normal play. During this time, the progressive meter or another attached approved device or system must display all of the following information:

(i) The identity of the electronic gaming device that caused the progressive meter to activate.

(ii) The winning progressive amount.

(iii) The new normal mode amount that is current on the link.

(12) The following provisions apply to the security of the progressive controller:

(a) A progressive controller linking 2 or more progressive electronic gaming devices must be housed in a double-keyed compartment in a location approved by the board. All keys must be maintained in accordance with the licensee's or provider of wide area progressive system's approved internal

controls.

(b) The board must possess 1 of the keys.

(c) A list of the occupational licensees who have access to a progressive controller must be submitted to the board and updated continually.

(d) A progressive controller entry authorization log must be maintained within each controller. The log shall be on a form prescribed by the board and completed by an individual who gains entrance to the controller.

(e) Security restrictions must be submitted in writing to the executive director for approval not less than 60 days before their enforcement. All restrictions approved by the board will be made on a case-by-case basis in the case of a stand-alone progressive where the controller is housed in the logic area.

(13) A progressive controller or another approved attached device or system must keep all of the following information in nonvolatile memory, which must be displayed upon demand:

(a) The number of progressive jackpots won on each progressive level if the progressive display has more than 1 winning amount.

(b) The cumulative amounts paid on each progressive level if the progressive display has more than 1 winning amount.

(c) The maximum amount of the progressive payout for each level displayed.

(d) The minimum amount or reset amount of the progressive payout for each level displayed.

(e) The rate of progression for each level displayed.

(14) Both of the following provisions apply to limits on the jackpot of a progressive electronic gaming device:

(a) A casino licensee may impose a limit on the jackpot of a progressive electronic gaming device if the limit imposed is greater than the possible maximum jackpot payout on the electronic gaming device at the time the limit is imposed.

(b) A casino licensee must inform the public of the limits of a progressive electronic gaming device. The information must be contained in a prominently displayed notice.

History: 1998 MR 6, Eff. June 26, 1998; 2008 MR 10, Eff. May 23, 2008.

### **R 432.1839 Electronic gaming device specifications and requirements.**

Rule 839. (1) An electronic gaming device used in a casino must meet the specifications set forth in this rule.

(2) All of the following provisions apply to equipment approval:

(a) The board must approve an electronic or mechanical gambling game before use.

(b) Except as otherwise determined by the board, the following may not be used for gaming by any casino licensee without the prior written approval of the board:

(i) Bill acceptors or bill validators.

(ii) Token acceptors.



- (iii) Progressive controllers.
- (iv) Progressive displays.
- (v) Associated gaming equipment as provided for in R 432.1842.
- (c) The manufacturer and manufacturer Michigan supplier license number must be recorded on the slot inventory log.
- (d) The approval must describe, with particularity, the equipment or device approved.
- (3) Both of the following provisions apply to testing:
  - (a) Both of the following must be tested before approval for use:
    - (i) An electronic gaming device.
    - (ii) Another device or other equipment as the executive director may deem necessary to ensure compliance with the act and this part.
  - (b) The board may take both of the following actions:
    - (i) Employ the services of an outside independent gaming test laboratory to conduct the testing.
    - (ii) Bill a licensee who requests approval of a device or equipment through any billing mechanism the board deems appropriate.
- (4) An applicant who is served with a notice of denial under this rule may request a hearing to appeal the test results.
- (5) An electronic gaming device must meet all of the following security and audit specifications:
  - (a) Be controlled by a microprocessor.
  - (b) Be connected and communicating to an approved casino central computer system.
  - (c) Have an internal enclosure for the circuit board that is locked or sealed, or both, before game play.
  - (d) After a power failure, be able to continue a game without loss of data.
  - (e) Have game data recall for the current game and the previous 4 games.
  - (f) Have a random selection process that satisfies the 99% confidence level using any of the following tests:
    - (i) Standard chi-squared.
    - (ii) Runs.
    - (iii) Serial correlation.
    - (iv) Another standard mechanical test for randomness as approved by the board.
  - (g) Clearly display applicable rules of play and the payout schedule.
  - (h) Display an accurate representation of each game outcome utilizing any of the following:
    - (i) Rotating reels.
    - (ii) Video monitors.
    - (iii) Another type of display mechanism that accurately depicts the outcome of the game.
- (6) All of the following requirements apply to the control program:
  - (a) Electronic gaming device control programs must test themselves for possible corruption caused by failure of the program storage media.
  - (b) The test methodology must detect 99.99% of all possible failures.

(c) The control program must allow for the electronic gaming device to be continually tested during game play.

(d) Except as otherwise authorized by the board, the control program must reside in the electronic gaming device that is contained in a storage medium that is not alterable through use of the circuitry or programming of the electronic gaming device itself.

(e) The control program must check for all of the following:

(i) Corruption of RAM locations used for crucial electronic gaming device functions.

(ii) Information relating to the current play and final outcome of the 4 previous games.

(iii) Random number generator outcome.

(iv) Error states.

(f) Detection of corruption is a game malfunction that must result in a tilt condition that identifies the error and causes the electronic gaming device to cease further function.

(g) The control program must have the capacity to display a complete play history for the current game and the previous 4 games.

(h) The control program must display an indication of all of the following:

(i) The game outcome or a representative equivalent.

(ii) Bets placed.

(iii) Credits or tokens paid.

(iv) Credits or tokens cashed out.

(v) Any error conditions.

(vi) Any other information deemed necessary by the board to ensure compliance with the act and these rules.

(i) The control program must provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the electronic gaming device.

(7) All of the following provisions apply to accounting meters:

(a) An electronic gaming device must be equipped with electronic meters.

(b) An electronic gaming device's electronic meters must tally totals to at least 8 digits and be capable of rolling over when the maximum value is reached.

(c) An electronic gaming device's control program must provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the machine.

(d) Electronic meters must have an accuracy rate of 99.99% or better.

(e) The required electronic meters must comply with the following provisions:

(i) The tokens-in meter must cumulatively count the number of tokens that are wagered by actual tokens inserted or credits bet, or both.

(ii) The tokens-out meter must cumulatively count the number of tokens won that are paid by the hopper or credits won that are paid to the credit meter, or both.

(iii) The tokens-dropped meter must cumulatively count the number of tokens

that have been diverted into a drop bucket and the credit value of all bills inserted into the bill validator for play.

(iv) The jackpots-paid meter must reflect the cumulative amounts paid by an attendant for progressive jackpots and nonprogressive jackpots.

(v) The games-played meter must display the cumulative number of games played.

(vi) A cabinet door meter must display the number of times the front cabinet door was opened.

(vii) The drop door meter must display the number of times the drop door or the bill validator door was opened.

(f) If an electronic gaming device is equipped with a bill validator, then the device must be equipped with a bill validator meter that records all of the following:

(i) The total number of bills that were accepted.

(ii) An accounting of the number of each denomination of bill accepted.

(iii) The total dollar amount of bills accepted.

(g) An electronic gaming device must have meters that continuously display all of the following information relating to the current play or monetary transaction:

(i) The number of tokens or credits wagered in the current game.

(ii) The number of tokens or credits won in the current game, if applicable.

(iii) The number of tokens paid by the hopper for a credit cashout or a direct pay from a winning outcome.

(iv) The number of credits available for wagering, if applicable.

(h) Electronically stored meter information required by this rule must be preserved after a power loss to the electronic gaming device and must be maintained for a period of not less than 180 days.

(8) All of the following provisions apply to clearing permanent meters:

(a) An electronic gaming device may not have a mechanism that causes the required electronic accounting meters to clear automatically when an error occurs.

(b) The required electronic accounting meters may be cleared only if approved by the board.

(c) Required meter readings, when possible, must be recorded before and after the electronic accounting meter is cleared.

(9) The following provisions apply to randomness events and randomness testing:

(a) Events in electronic gaming devices are occurrences of elements or particular combinations of elements that are available on the particular electronic gaming device.

(b) A random event has a given set of possible outcomes that has a given probability of occurrence called the distribution.

(c) Two events are called independent if both of the following conditions exist:

(i) The outcome of 1 event does not have an influence on the outcome of the other event.

(ii) The outcome of 1 event does not affect the distribution of another event.

(d) An electronic gaming device must be equipped with a random number generator to make the selection process. A selection process is considered random if all of the following specifications are met:

(i) The random number generator satisfies not less than a 99% confidence level using the standard chi-squared analysis.

(ii) The random number generator does not produce a statistic with regard to producing patterns of occurrences. Each reel position is considered random if it meets not less than 99% confidence level with regard to the runs test or any similar pattern testing statistic.

(iii) The random number generator produces numbers that are independently chosen without regard to any other symbol produced during that play. This test is the correlation test. Each pair of reels is considered random if the pair of reels meet not less than 99% confidence level using standard correlation analysis.

(iv) The random number generator reduces numbers that are chosen without reference to the series of outcomes in the previous game. This test is the serial correlation test. A reel stop position is considered random if it meets not less than 99% confidence level using standard serial correlation analysis.

(v) The random number generator and random selection process must be impervious to influences from outside the electronic gaming device, including, but not limited to, all of the following:

(A) Electromagnetic interference.

(B) Electrostatic interference.

(C) Radio frequency interference.

(vi) An electronic gaming device must use appropriate communication protocols to protect the random number generator and random selection process from influence by associated equipment that is conducting data communications with the electronic gaming device.

(10) All of the following provisions apply to safety requirements:

(a) Electrical and mechanical parts and design principles must not subject a player to physical hazards. An electronic gaming device must be underwriters laboratories-approved or the equivalent.

(b) Spilling a conductive liquid on the electronic gaming device must not create a safety hazard or alter the integrity of the electronic gaming device's performance.

(c) The power supply used in an electronic gaming device must be designed to make minimum leakage of current in the event of an intentional or inadvertent disconnection of the alternate current power ground.

(11) All of the following provisions apply to surge protector:

(a) A surge protector must be installed on each electronic gaming device.

(b) Surge protection can be internal to the power supply or external.

(c) A battery backup device must be installed and capable of maintaining the accuracy of required electronic meter information after power is

discontinued from the electronic gaming device. The device must be kept within the locked or sealed logic board compartment and be capable of sustaining the stored information for 90 days.

(12) An on and off switch that controls the electrical current used to operate the electronic gaming device must be located in an accessible place and within the interior of the electronic gaming device.

(13) If an electronic gaming device is equipped with a token acceptor, then all of the following provisions apply to the token acceptor:

(a) An acceptor must be approved by the board to indicate that it meets the requirements of these rules.

(b) A token acceptor must be designed to accept designated tokens and to reject others.

(c) The token receiver on an electronic gaming device must be designed to prevent the use of cheating methods, including, but not limited to, any of the following:

(i) Slugging.

(ii) Stringing.

(iii) Spooning.

(d) A token that is accepted but not credited to the current game must be returned to the player by activating the hopper or crediting toward the next play of the electronic gaming device. The electronic gaming device control program must be capable of handling rapidly fed tokens so that frequent instances where a token is accepted but not credited to the current game are prevented.

(e) If an electronic gaming device is equipped with a token acceptor, it must accept or reject a token on the basis of any of the following:

(i) Metal composition.

(ii) Mass.

(iii) Composite makeup.

(iv) Equivalent security.

(f) An electronic gaming device must have a suitable detector for determining the direction and speed of token travel in the receiver. If a token traveling at an improper speed or direction is detected, then the electronic gaming device must enter a tilt condition and display an error condition that requires attendant intervention to clear.

(14) All of the following provisions apply to bill validators:

(a) An electronic gaming device may have a bill validator installed into which a patron may insert currency in exchange for an equal value of electronic gaming device credits. The patron must be able to obtain an equal number of tokens for the amount of currency that was inserted into the bill validator.

(b) A bill validator may accept any of the following:

(i) One dollar (\$1.00) bills.

(ii) Five dollar (\$5.00) bills.

(iii) Ten dollar (\$10.00) bills.

(iv) Twenty dollar (\$20.00) bills.

- (v) Fifty dollar (\$50.00) bills.
- (vi) One hundred dollar (\$100.00) bills.
- (vii) EZpay tickets/vouchers.
- (c) A bill acceptor may be for any single denomination or combination of denominations.
- (d) A bill validator must have software programs that enable the validator to differentiate between genuine and counterfeit bills to a high degree of accuracy.
- (e) A bill validator must be equipped with a bill validator drop box to collect the currency inserted into the bill validator. The bill validator drop box must comply with all of the following requirements:
  - (i) The bill validator drop box must be housed in a locked compartment separate from any other compartment of the electronic gaming device.
  - (ii) The bill validator drop box must be accessible by a key that will access only the bill validator drop box and no other area of the electronic gaming device.
  - (iii) The bill validator drop box must have a slot opening through which currency can be inserted.
  - (iv) The bill validator drop box must be identifiable to the electronic gaming device from which it was removed.
  - (v) The bill validator drop box must have a separate lock to access the contents of the bill validator drop box. The key to the lock must not access any other area of the electronic gaming device.
- (15) Both of the following provisions apply to an automatic light alarm:
  - (a) A light must be installed on the top of the electronic gaming device and must automatically illuminate when the door to the electronic gaming device is opened or when associated equipment that may affect the security or operation of the electronic gaming device is exposed, if the equipment is physically attached to the gaming device.
  - (b) A bar-top electronic gaming device must have a light alarm or an audio door alarm, or both, installed. The alarm must be designed to activate when the machine is entered.
- (16) All of the following provisions apply to access to the interior of an electronic gaming device:
  - (a) The internal space of an electronic gaming device must not be readily accessible when the door is closed.
  - (b) All of the following must be in a separate locked or sealed area within the electronic gaming device:
    - (i) Logic boards.
    - (ii) Program storage medium.
    - (iii) RAM.
  - (c) Access to the area described in subdivision (b) of this subrule is not allowed without prior notification to the board at the casino.
  - (d) The board must be allowed immediate access to the locked or sealed area. A casino licensee must maintain its copies of the keys to electronic gaming devices in accordance with the licensee's approved internal controls.

Unauthorized tampering or entrance into the logic area without prior notification in accordance with subdivision (c) of this subrule is grounds for disciplinary action.

(17) An electronic gaming device must have its logic boards and any computer chips that store memory secured in a locked enclosure within the electronic gaming device that must be sealed with evidence tape. The locked enclosure for logic boards and computer chips within the electronic gaming device must be sealed with evidence tape by an employee of the board or the Michigan state police assigned to assist the board.

(18) All of the following provisions apply to hardware switches:

(a) A hardware switch may not be installed if it alters the pay tables or payout percentages in the operation of an electronic gaming device.

(b) A hardware switch may be installed to control any of the following:

(i) Graphic routines.

(ii) Speed of play.

(iii) Sound.

(iv) Other approved cosmetic play features.

(c) A machine may have multiple percentage settings if the settings do not violate these rules and if the settings are accessed through software switches approved by the board.

(19) Both of the following provisions apply to multigames:

(a) A gaming device that offers a menu of more than 1 game to the player is a "multigame." A multigame may have various games with configurable percentages. A multigame may be approved by the board if, in addition to any other requirements in these rules, electronic meters with at least 8 digits are available upon display for each game offered on the menu:

(i) Credits wagered or equivalent.

(ii) Credits won or equivalent.

(b) If the method of configuring the game menu may be accomplished by entering a configuration mode of the device, then the method employed must meet both of the following standards:

(i) The method has sufficient safeguards to prevent unauthorized access.

(ii) The method does not result in data loss or corruption of data sent to the casino central computer system.

(20) All of the following provisions apply to the display of rules of play:

(a) The rules of play for an electronic gaming device must be displayed on the face or screen of the electronic gaming device.

(b) The rules of play must be approved by the board.

(c) The board may reject the rules if the board determines that the rules are any of the following:

(i) Incomplete.

(ii) Conflicting.

(iii) Confusing.

(iv) Misleading.

(d) The rules of play must be kept under glass or another transparent substance.

(e) The rules of play may not be altered without prior approval from the board.

(f) Stickers or other removable devices may not be placed on the electronic gaming device face unless their placement is approved or required by the board.

(21) The following must not subject a player to physical hazards:

(a) Electrical parts.

(b) Mechanical parts.

(c) Design principles of the electronic gaming device and its component parts.

(22) Electronic gaming device power supply filtering must be sufficient to prevent disruption of the electronic gaming device by a repeated switching on and off of the AC power.

(23) The following provisions apply to error conditions and automatic clearing:

(a) An electronic gaming device must be capable of detecting and displaying all of the following conditions:

(i) Power reset.

(ii) Door open.

(iii) Inappropriate token-in if the token is not automatically returned to the player.

(b) The conditions listed in subdivision (a) of this subrule must be automatically cleared by the electronic gaming device upon initiation of a new play sequence.

(24) The following provisions apply to error conditions and clearing by an attendant:

(a) An electronic gaming device must be capable of detecting and displaying all of the following error conditions that an attendant may clear:

(i) Token-in jam.

(ii) Token-out jam.

(iii) Hopper empty or timed-out.

(iv) RAM error.

(v) Hopper runaway or extra token paid out.

(vi) Program error.

(vii) Reverse token-in.

(viii) Reel spin error of any type, including a misindex condition for rotating reels. The specific reel number must be identified in the error indicator.

(ix) Low RAM battery, for batteries external to the RAM itself, or low power source.

(b) A description of the electronic gaming device error codes and their meanings must be contained inside each electronic gaming device.

(25) If an electronic gaming device is equipped with a hopper mechanism, then all of the following provisions apply to the hopper mechanism:

(a) The hopper must be designed to detect all of the following and force the electronic gaming device into a tilt condition if 1 of the following



occurs:

- (i) Jammed tokens.
- (ii) Extra tokens paid out.
- (iii) Hopper runaways.
- (iv) Hopper empty conditions.

(b) The electronic gaming device control program must monitor the hopper mechanism for the error conditions specified in subdivision (a) of this subrule in all game conditions.

(c) All tokens paid from the hopper mechanism must be accounted for by the electronic gaming device, including, to the extent possible, tokens paid as extra tokens during a hopper malfunction.

(d) Hopper pay limits must be designed to permit compliance by a casino licensee with all applicable taxation laws, rules, and regulations.

(26) An electronic gaming device that is capable of a bidirectional communication with internal or external associated equipment must use a communication protocol that ensures that erroneous data or signals will not adversely affect the operation of the electronic gaming device.

(27) An electronic gaming device must meet all of the following maximum and minimum theoretical percentage payouts during the expected lifetime of the electronic gaming device:

(a) The electronic gaming device must pay out not less than 80%, and not more than 100%, of the amount wagered unless otherwise approved by the board.

(b) The theoretical payout percentage must be determined using standard methods of the probability theory. The percentage must be calculated using the highest level of skill where player skill impacts the payback percentage.

(c) An electronic gaming device must have a probability of obtaining the maximum payout of more than 1 in 50,000,000.

(28) Except in the case of a total memory failure, and if the machine is still operable, an electronic gaming device must be capable of continuing the current play with all the current play features after an electronic gaming device malfunction is cleared.

History: 1998 MR 6, Eff. June 26, 1998; 2008 MR 10, Eff. May 23, 2008.

#### **R 432.1840 Electronic gaming device tournaments.**

Rule 840. (1) Electronic gaming device tournaments may be conducted by the casino licensee.

(2) All tournament play shall be on machines which have been tested and approved in accordance with the rules and for which the tournament feature has been enabled.

(3) All electronic gaming devices used in a single tournament shall utilize the same electronics and machine settings.

(4) Electronic gaming devices enabled for tournament play shall not accept tokens or pay out tokens. The electronic gaming devices shall utilize credit points only.

(5) Tournament credits shall have no cash value.

- (6) Tournament play may not credit the accounting meters of the machine.
- (7) At the casino licensee's discretion, the casino licensee may establish qualification or selection criteria to limit the eligibility of players in a tournament. Criteria used shall be reasonably related to gaming activity.
- (8) All of the following provisions apply to the rules of tournament play:
- (a) A casino licensee shall submit the rules for a tournament to the board not less than 30 days in advance of the commencement of the tournament or within a shorter time period as the board may designate. The rules of tournament play shall include, but not be limited to, all of the following:
    - (i) The amount of points, credits, and playing time players will begin with.
    - (ii) The manner in which players will receive electronic gaming device assignments and how reassignments are to be handled.
    - (iii) How players are eliminated from the tournament and how the winner or winners are to be determined.
    - (iv) The number of electronic gaming devices each player will be allowed to play.
    - (v) The amount of entry fee for participating in the tournament.
    - (vi) The number of prizes to be awarded.
    - (vii) An exact description of each prize to be awarded.
    - (viii) Any additional house rules governing play of the tournament.
    - (ix) Any procedures deemed necessary by the board to ensure compliance with the act and these rules.
  - (b) The board shall approve the rules, in writing, within 30 days of the receipt of the rules.
  - (c) A casino licensee shall not permit any tournament to be played unless the rules of tournament play have been approved by the board.
  - (d) Once rules of a tournament have been approved by the executive director, a casino licensee may offer a tournament utilizing the approved rules at any time. Amendments to approved rules of tournament play shall be submitted to the board not less than 30 days before utilizing the amendments or within a shorter time frame as the board may designate. The board shall approve or reject amendments to the rules of tournament play within 30 days of receipt of the amendments. An amendment to the rules of tournament play shall not be utilized by the casino licensee until approved by the board.
  - (e) The rules of tournament play shall be provided to all tournament players and members of the public who request a copy of the rules.

History: 1998-2000 AACS.

**R 432.1841 Operation of wide area progressives.**

Rule 841. (1) This rule authorizes the use of progressive electronic gaming devices among the casinos licensed under the act if the electronic gaming devices and the wide area progressive systems meet the requirements of these rules.

(2) Unless otherwise permitted by the board, in writing, a machine on the

link shall have the same probability of hitting the combination that will award the progressive jackpot. In addition, a machine on a link shall be located on the licensed premises of 1 establishment or a machine may be linked among more than 1 establishment if the system, hereinafter referred to as multilink for describing such system, is in compliance with all of the following:

(a) The wide area system shall have the ability to monitor entry into the front door of each networked slot machine as well as the logic area of each networked slot machine and report it to the central system immediately.

(b) All communication packets between each location and the central system shall be encrypted.

(c) All progressive meter reading data shall be obtained in real-time in an on-line, automated fashion. When requested to do so, the system shall return meter readings on the first device attached to the system within 5 minutes of the meter acquisition request. This limitation shall not apply to the length of time it takes the computer system to calculate and print reports, but rather only to the time it takes to gather data used for the process. Manual reading of meter values may not be substituted for these requirements.

(d) A licensee utilizing a wide area progressive system shall suspend play on the system if a communication failure in the system cannot be corrected within a period of time approved by the board before the commencement of play on the wide area progressive system. If a communication failure occurs in a wide area progressive system, then the operator of the system shall take a reading during the time the system is down to make sure that the jackpot amount is the same at all locations connected to the system when bringing the system that failed back on line.

A licensee utilizing a multilink system shall suspend play on the multilink at the premises of the licensee if a communication failure in the system cannot be corrected within a configurable amount of time, but not more than 24 consecutive hours.

(e) A licensee authorized to provide a wide area system shall keep a hard copy log of all events for a period of not less than 60 days.

(f) Wide area progressive jackpot verification procedures shall include the following provisions:

(i) When a wide area progressive jackpot is won, the licensee authorized to provide the wide area system shall inspect the machine accompanied by a gaming board agent or personnel assigned to the Michigan state police gaming section. The inspection shall include examining the EPROM, the error events received by the central system, and any other data that could reasonably be used to ascertain the validity of the jackpot.

(ii) The central system shall produce reports that will clearly demonstrate the method of arriving at the payoff amount. The reports shall include the coins contributed beginning at the polling cycle immediately following the previous jackpot and will include all coins contributed up to, and including, the polling cycle, which includes the jackpot signal. Coins

contributed to the system before the jackpot message is received will be deemed to have been contributed to the progressive amount before the current jackpot. Coins contributed to the system subsequent to the jackpot message being received will be deemed to have been contributed to the progressive amount of the next jackpot.

(iii) A jackpot of more than \$100,000.00 may be paid in installments over a period of not more than 25 years if each machine clearly displays the fact that the jackpot will be paid in installments. In addition, the number of installments and time between installments shall be clearly displayed on the face of the machine in plain language that is approved by the board.

(iv) Two jackpots that occur in the same polling cycle will be deemed to have occurred simultaneously and, therefore, each winner shall receive the full amount shown on the meter, unless another method of resolution has been approved in advance by the board.

(g) Approval by the board of any wide area progressive system shall occur in the following 2 phases:

(i) The initial approval stage, wherein the underlying gaming devices and communication hardware are tested and approved by the board.

(ii) The on-site testing phase, wherein a field inspection is conducted at the central computer site as well as multiple field sites to ensure compliance with the act and these rules. Operation of the system will be authorized only after the board is satisfied that the system meets both the initial approval and on site testing requirements, as well as any other requirements that the board may impose to assure the integrity, security, and legal operation of the wide area progressive system.

(h) The central computer site shall be equipped with a noninterruptible power supply, and the central computer shall be capable of on-line data redundancy if hard disk peripherals fail during operation.

(i) A licensee authorized to provide a wide area progressive system shall supply reports in a format approved by the board which support and verify the economic activity on the system.

(j) Any licensee authorized to provide a wide area progressive system must supply, as requested, reports and information to the board indicating the amount of, and basis for, the current jackpot amount (the amount currently in play).

The reports shall include an aggregate report and a detail report. The aggregate report shall show only the balancing of the system with regard to system-wide totals. The detail report shall be in a form that identifies each machine on a polling station and indicates for each machine, summarized by location, the coin-in and coin-out totals as the terms are commonly understood in the industry.

In addition, upon the invoicing of any licensee participating in a wide area progressive system, a licensee shall be given a printout identifying all of the following:

(i) Each machine linked to the system.

(ii) The coins contributed by each machine to the jackpot for the period

for which an invoice is remitted.

(iii) Other information required by the board to document the validity of the licensee's contributions to the jackpot amount.

(k) A licensee authorized to provide a wide area progressive system shall obtain written approval from the board identifying all of the following:

(i) The methods of funding the progressive prize pool.

(ii) The calculating and receipt of payments from participating licensees.

(iii) Provisions for equipment and services associated with the wide area progressive system.

(l) In calculating gross receipts, a licensee shall deduct its contributions to any progressive jackpots awarded during the month. The deducted amount shall be listed on the detailed accounting records provided to the licensee by the person authorized to provide the wide area progressive system. A licensee's contribution is based on the number of coins in from that licensee's machines on the wide area progressive system, compared to the total amount of coins in on the whole system for the time period or periods between the jackpot or jackpots awarded.

(m) The right to receive the jackpot payments may not be encumbered, assigned, or otherwise transferred by a winner, estate, or heir of a deceased winner, except to the estate or heir of the person upon his or her death. An attempt to make a prohibited transfer may result in the person forfeiting the right to receive future payments.

(n) Except where prohibited by law, if a licensee ceases operations and a progressive jackpot is awarded subsequent to the last day of the final month of operation, then the licensee may file an amended tax return or make claim for a gaming tax refund based on its contributions to the particular progressive pool.

(o) The central monitoring system for the wide area progressive shall be located within the state of Michigan. The office containing the central monitoring system shall be equipped with a surveillance system that has been approved by the board. The licensee authorized to provide a wide area progressive system shall be required to limit access to the monitoring system room and keep and maintain an entry and exit log for the office in a manner approved by the board. The board shall, at all times, have the right to immediate access to the office containing the central monitoring system and the system itself.

(p) The provider of the wide area progressive system may not allow any agent or employee to work on any component of the system until the person has demonstrated that the employee or agent is qualified and experienced in the construction, software, hardware, and all internal and external components of the system and has attained at least a level II occupational license from the board.

(q) The licensee authorized to provide a wide area progressive system shall supply a copy of all leases and contractual agreements relating to the wide area progressive system to the board.

(r) The wide area progressive system prize fund (the amount of money

contributed by the participating licensees) shall be audited, in accordance with generally accepted auditing standards, on the fiscal year of the licensee authorized to provide the system, by an independent accountant licensed by the Michigan state board of accountancy and approved by the board. The report shall be submitted to the board upon completion of the audit or 90 days after the conclusion of the licensee's fiscal year, whichever occurs first. The licensee providing the wide area progressive system shall pay for the cost of the audit.

(s) The board shall require that a licensee who is authorized to provide a wide area progressive system comply with both of the following requirements:

(i) Maintain, in a restricted account, a reserve consisting of cash, United States government treasury securities, approved debt instruments, or combination of not less than the sum of both of the following amounts:

(A) The aggregate remaining balances owed on all jackpots previously won by patrons through the wide area progressive system.

(B) An amount sufficient to fully fund the present value of all amounts currently reflected on the progressive meters of the wide area progressive systems.

(ii) In addition, a licensee who is authorized to provide the wide area system shall, at all times, satisfy and be in compliance with both of the following ratios:

(A) A ratio of not less than 2:1.

(B) An interest coverage ratio of not less than 3:1.

History: 1998-2000 AACS.

#### **R 432.1842 Associated equipment approval.**

Rule 842. (1) Except as otherwise determined by the board, a manufacturer or distributor of associated equipment shall not distribute associated equipment to a casino licensee unless the associated equipment has been approved by the board.

(2) The board may require the manufacturer or distributor of associated equipment to obtain a supplier license.

(3) All of the following provisions apply to applications and procedure for approval of associated equipment:

(a) An application for approval of associated equipment shall require that the manufacturer or distributor submit all of the following information on forms prescribed by the board.

(i) The name, business address, and business telephone number of the manufacturer or distributor.

(ii) The federal identification number, Michigan taxpayer identification number, or social security number of the manufacturer or distributor.

(iii) If the manufacturer or distributor is a business entity, then the information set forth in this subdivision and subdivision (b) of this subrule shall be provided for the business entity's key persons and substantial owners.

(iv) A list of the jurisdictions that have approved the associated equipment. A copy of the document of approval from each jurisdiction shall be attached to the application.

(v) Additional information deemed necessary by the board to enable a complete understanding of the operation and function of the associated equipment.

(b) If the board requires the manufacturer or distributor of associated equipment to submit the associated equipment to an independent lab, then the manufacturer or distributor of the associated equipment shall provide all of the following information to the independent lab:

(i) The information set forth in subrule (3)(a)(i) to (v) of this rule.

(ii) A complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language. The document shall be signed under penalty of perjury.

(iii) Detailed operating procedures of the associated equipment.

(iv) Details of all tests performed on the associated equipment, the conditions and standards under which the tests were performed, and the person who conducted the test.

(c) With respect to associated equipment, the independent lab shall provide the board with documentation regarding all of the following information:

(i) Details of the tests performed on the associated equipment.

(ii) Results of the tests performed on the associated equipment.

(iii) Detailed operating procedures of the associated equipment.

(iv) Percentage calculations of the associated equipment.

(v) Other information deemed necessary by the board to ensure compliance with the act and these rules.

(4) Both of the following provisions apply to the evaluation of associated equipment:

(a) The board may require transportation of not more than 2 working models of associated equipment to a designated lab for review and inspection. The lab may dismantle the associated equipment and may destroy the electronic components in order to fully evaluate the equipment.

(b) The board may do both of the following:

(i) Require the manufacturer or distributor seeking approval of the associated equipment to provide specialized equipment or the services of an independent technical expert to evaluate the equipment.

(ii) Employ an outside lab to conduct the evaluation.

(c) The manufacturer or distributor seeking approval of the associated equipment shall pay the cost of the evaluation.

(5) A casino licensee shall only install or use associated equipment that has been approved by the board after a determination has been made that the associated equipment is in compliance with the technical standards set forth in this rule.

(6) After the associated equipment is approved, the board shall advise the manufacturer and distributor, in writing, of the approval.

(7) A casino licensee shall not alter the manner in which associated equipment operates or revise the associated equipment without the prior written approval of the board.

(8) All of the following provisions apply to the revocation of approval:

(a) The board may revoke the approval of associated equipment if the executive director determines any of the following:

(i) The associated equipment does not perform in the manner described in the application.

(ii) The associated equipment is defective or malfunctions frequently.

(iii) The associated equipment has a detrimental impact on the conduct of a casino gambling operation.

(iv) The associated equipment adversely affects the computation of taxes for reasons including, but not limited to, the following:

(A) Inaccurate computation.

(B) Defects.

(C) Malfunctions.

(b) The board shall immediately, in writing, notify the manufacturer or distributor of the associated equipment of the revocation of approval. The board shall advise the manufacturer or distributor of the associated equipment of the date on which the associated equipment shall cease to be used.

(c) The board shall immediately, in writing, notify the casino licensees or casino license applicants that utilize the associated equipment of the revocation of approval. The board shall advise the casino licensee or casino license applicant of the date on which the casino licensee or casino license applicant shall cease to use the associated equipment.

(d) A casino licensee or casino license applicant shall cease utilizing the associated equipment for which approval has been revoked by the date established by the board in subrule (8)(c) of this rule. The casino licensee or casino license applicant shall notify the board, in writing, if it cannot cease utilization of the associated equipment by the established date and shall seek an extension of time. The board shall advise the casino licensee or casino license applicant, in writing, if the suggested time frame is not suitable.

(9) All of the following provisions apply to further notification requirements:

(a) The manufacturer or distributor of associated equipment shall notify the executive director, in writing, of any problems, defects, or malfunctions of any associated equipment that has been approved by the board.

(b) The manufacturer or distributor of associated equipment shall advise the board, in writing, if the approval of any associated equipment approved by the board has been revoked by any other gaming jurisdiction.

(c) A casino licensee or casino license applicant shall notify the board, in writing, of any material problems, defects, or malfunctions that affect the fairness or integrity of the operation or play of any associated equipment that has been approved by the board and is utilized by the



casino licensee or casino license applicant in the state of Michigan or any other jurisdiction.

(d) A casino licensee or casino license applicant shall notify the board, in writing, if the approval of associated equipment approved by the board and utilized by the casino licensee or casino license applicant has been revoked by any other gaming jurisdiction.

(10) All of the following provisions apply to the retention of records:

(a) The manufacturer or distributor of associated equipment shall maintain all of the following records:

(i) All applications for approval of associated equipment submitted to the board.

(ii) Detailed operating procedures of the associated equipment.

(iii) Approvals of associated equipment received from any gaming jurisdiction.

(iv) A complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language.

(v) Any alterations or revisions and the requisite approvals that have been conducted on associated equipment utilized by casino licensees or casino license applicants.

(vi) The revocation of any approval for associated equipment issued by any gaming jurisdiction.

(b) Any documentation that indicates problems, defects, or malfunctions of the associated equipment.

(c) Details of any tests performed on the associated equipment by the manufacturer or distributor of the associated equipment.

(d) Any other records the board deems necessary to ensure compliance with the act and these rules.

(11) A casino licensee or casino license applicant shall maintain any records listed in subrule (10) of this rule that are in its possession.

(12) All records required by this rule shall be maintained by the manufacturer or distributor of the associated equipment, the casino licensee, or the casino license applicant for a period of 5 years.

(13) The manufacturer or distributor of associated equipment who is served with a notice of denial or revocation of approval under this rule may request a hearing.

History: 1998-2000 AACS.

### **R 432.1843 Analysis of questioned electronic gaming devices.**

Rule 843. (1) If the operation of any electronic gaming device is questioned by any holder of a casino license, patron, or the board, then the questioned device will be examined in the presence of a representative of the board and a representative of the holder of a casino license. If the

malfunction cannot be cleared by other means to the mutual satisfaction of the patron and the holder of the casino license, then the electronic gaming device will be subjected to an EPROM memory test to verify a signature comparison by a board agent.

(2) If the malfunction cannot be determined and corrected by the testing, then the electronic gaming device may be removed from service and secured in a remote, locked compartment. The electronic gaming device may then be transported to an industry-recognized laboratory selected by the executive director. The device will be fully analyzed at the laboratory to determine the status and cause of the malfunction. All costs for transportation and analysis will be borne by the holder of a casino license and will be billed to the holder of a casino license by the board.

History: 1998-2000 AACS.

## **PART 9. INTERNAL CONTROL PROCEDURES**

### **R 432.1901 Applicability of part.**

Rule 901. This part applies to casino licensees and casino license applicants.

History: 1998-2000 AACS.

### **R 432.1902 Purpose.**

Rule 902. The procedures of the internal control system are designed to ensure all of the following:

- (a) That assets of the casino licensee are safeguarded.
- (b) That the financial records of the casino licensee are accurate and reliable.
- (c) That the transactions of the casino licensee are performed only in accordance with the specific or general authorization of this part.
- (d) That the transactions are recorded adequately to permit the proper recording of the adjusted gross receipts, fees, and all applicable taxes.
- (e) That accountability for assets is maintained in accordance with generally accepted accounting principles.
- (f) That only authorized personnel have access to assets.
- (g) That recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies.
- (h) That the functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel and that no employee of the casino licensee is in a position to perpetuate and conceal errors or irregularities in the normal course of the employee's duties.

(i) That gaming is conducted with integrity and in accordance with the act and these rules.

History: 1998-2000 AACCS.

**R 432.1903 Board approval of internal control system.**

Rule 903. (1) A licensee shall describe, in a manner that the board may approve or require, its administrative and accounting procedures in detail in a written system of internal control. A written system of internal controls shall include a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of these rules. Additionally, the description shall include a separate section for all of the following:

(a) An organizational chart depicting appropriate segregation of functions and responsibilities.

(b) A description of the duties and responsibilities of each position shown on the organizational chart.

(c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of these rules.

Additionally, the description shall include a separate section for all of the following:

- (i) Physical characteristics of the drop box and tip box.
- (ii) Transportation of drop and tip boxes to and from gaming tables.
- (iii) Procedures for table inventories.
- (iv) Procedures for opening and closing gaming tables.
- (v) Procedures for fills and credits.
- (vi) Procedures for accepting and reporting tips and gratuities.
- (vii) Procedures for transporting chips and tokens to and from gaming tables.
- (viii) Procedures for shift changes at gaming tables.
- (ix) Drop bucket characteristics.
- (x) Transportation of drop buckets to and from electronic gaming devices.
- (xi) Procedures for chip and token purchases.
- (xii) Procedures for hopper fills.
- (xiii) Procedures for the transportation of electronic gaming devices.
- (xiv) Procedures for hand-paid jackpots.
- (xv) Layout and physical characteristics of the cashier's cage.
- (xvi) Procedures for accounting controls.
- (xvii) Procedures for the exchange of checks submitted by gaming patrons.
- (xviii) Procedures for credit card and debit card transactions.
- (xix) Procedures for the acceptance, accounting for, and redemption of, patron's cash deposits.
- (xx) Procedures for the control of coupon redemption and other complimentary distribution programs.
- (xxi) Procedures for federal cash transactions reporting.

(xxii) Procedures for computer backups and assuring the retention of financial and gambling operation.

(d) Other items as the board may require.

(2) Not less than 90 days before the gambling operation commences, unless otherwise directed by the board, a licensee shall submit, to the board, a written description of its internal control system that is designed to satisfy the requirements of subrule (1) of this rule.

(3) If the written system is the initial submission to the board, then a letter shall be submitted from an independent certified public accountant selected by the board stating that the licensee's written system has been reviewed by the accountant and is in compliance with the requirements of subrule (1) of this rule.

(4) The board shall review each submission required by subrule (2) of this rule and shall determine whether it conforms to the requirements of subrule (1) of this rule and whether the system submitted provides adequate and effective controls for the operations of the licensee. If the board finds any insufficiencies, then the board shall specify the insufficiencies, in writing, and submit the written insufficiencies to the licensee. The licensee shall make appropriate alterations.

A licensee shall not commence gambling operations until a system of internal controls is approved.

History: 1998-2000 AACS.

#### **R 432.1904 Amendments to internal control procedures.**

Rule 904. All of the following provisions apply to amendments to the internal control procedures:

(a) Unless otherwise provided by the board, amendments to any portion of the internal control procedures shall be submitted to the board not less than 30 days before the amended internal control procedure is utilized.

(b) The board shall, in writing, approve the amendment to the internal control procedure in total or in part.

(c) An amendment to internal control procedures may not be utilized by a casino licensee unless the amendment to the internal control procedure has been approved, in writing, by the board.

(d) A casino licensee shall advise the board of any change in a scheduled event not less than 24 hours before the change is instituted. If the time of the scheduled event has to be altered due to an emergency, then the casino licensee shall immediately notify the board, in writing, and provide a written explanation for the change to the board within 24 hours.

History: 1998-2000 AACS.

#### **R 432.1905 Emergency procedures.**

Rule 905. (1) In the event of an emergency, the casino licensee may amend an internal control procedure. The executive director or his or her designee

must concur that an emergency exists before amending an internal control procedure.

(2) A casino licensee shall report any emergency amendment of the internal control procedures to the executive director or his or her designee immediately.

(3) A casino licensee shall submit a description of the emergency amendment of the internal control procedures and the circumstances necessitating the emergency amendment to the board within 10 business days of the amendment.

(4) As soon as the circumstances necessitating the emergency amendment to the internal control procedures abate, a casino licensee shall resume compliance with the approved internal control procedures.

History: 1998-2000 AACS.

#### **R 432.1906 Failure to comply with chapter requirements.**

Rule 906. If the board determines that a licensee's administrative or accounting procedures or its written system of internal controls does not comply with the requirements of these rules or requires improvement, then the board shall notify the licensee in writing. Within 15 days after receiving the notification, the licensee shall amend its procedures and written system accordingly and shall submit, for board approval, a copy of the written system, as amended, and a description of any other remedial measures taken.

History: 1998-2000 AACS.

#### **R 432.1907 Compliance with internal control procedures.**

Rule 907.(1) Casino licensees and casino license applicants must comply with all internal control procedures that have been approved in writing by the board or its designee.

(2) If a casino licensee or casino license applicant fails to comply with any provision of its approved internal control procedures, the board may initiate a disciplinary action.

History: 2008 MR 10, Eff. May 23, 2008.

### **PART 10. SECURITY AND SURVEILLANCE**

#### **R 432.11001 Surveillance and recording systems; staffing; installation of different or new types of audio or visual recording or surveillance technology.**

Rule 1001. (1) A casino licensee shall require that the casino surveillance room be staffed by an occupational licensee employed to work in the surveillance department at all times that any of the following occur:

(a) Gaming.

- (b) Drop bucket collection process.
- (c) Hard count process.
- (d) Currency collection process.
- (e) Soft count process.
- (f) The temporary holding cell is occupied.
- (g) Armored car cash deliveries and pickups.
- (h) Other times deemed necessary by the board to ensure compliance with the act and these rules.

(2) Subject to approval of the board, a casino licensee may install different or new types of audio or visual recording or surveillance technology in the casino and related facilities for purposes of compliance with the act or these rules.

History: 1998-2000 AACS.

#### **R 432.11002 Surveillance and board surveillance room specifications.**

Rule 1002. (1) There shall be recording and monitoring rooms in each casino.

The room for the exclusive use of the board and Michigan state police personnel assigned to assist the board in the casino shall be designated the "Board Surveillance Room." The room for the use of the surveillance employees of the gambling operation shall be designated the "Casino Surveillance Room." The casino security office shall be separate from the casino surveillance room and be located in a different area of the building.

(2) Each surveillance room shall be in compliance with both of the following provisions:

- (a) Be located out of the general view of patrons and nonsurveillance employees.
- (b) Have access limited to surveillance room personnel and persons with a legitimate need to enter the area.

History: 1998-2000 AACS.

#### **R 432.11003 Detained or arrested persons.**

Rule 1003. (1) A casino licensee shall immediately report, to Michigan state police personnel assigned to assist the board, the physical detention of a person suspected of criminal activity.

(2) A casino licensee shall provide separate temporary holding areas for male and female detainees or arrestees that are capable of accommodating not less than 4 people for the purposes of detention and arrest. The holding areas shall be in compliance with all of the following provisions:

- (a) Be separate and located out of the general view of patrons.
- (b) Be easily accessed by the board, law enforcement officers, and casino security officers.
- (c) Have adequate soft handcuff restraints affixed to benches for not less than 4 people.

(d) For purposes of monitoring the temporary holding cell when occupied, have a color camera and monitor that are in compliance with the specifications for surveillance equipment specified in these rules.

(e) Have adequate space for detainee processing adjacent to each temporary holding area.

(3) Before a person is secured in the temporary holding area for purposes of detention or arrest, all of the following provisions shall be complied with:

(a) An arrested or detained person shall be thoroughly searched for weapons, illegal substances, and all property.

(b) All items of property, including shoestrings, waist belts, or anything the detained person could use to harm himself or herself or others, shall be itemized on a property form and removed from the detained party.

(c) Property belonging to the detained party shall be secured in a locked storage area specifically designated for detainee property.

(d) The room designated for storage of detainee property shall be surveilled by black and white camera and monitored any time detainee property is stored in the room.

(e) Upon release or transfer of the detained party, casino security officers shall return the detained person's property and have the person sign the itemized property form to document the return.

(f) Completed property forms shall be attached to appropriate incident reports and retained for the required period.

(4) As a general rule, a person shall not be detained in a temporary holding area awaiting transport for more than 2 hours. Other restrictions regarding the use of casino temporary holding areas are as follows:

(a) A juvenile detainee shall not be placed in a temporary holding area without the authorization and review of the ranking Michigan state police officer on-site.

(b) If it becomes necessary to place a juvenile detainee in a temporary holding area, then the juvenile shall be kept out of the visual and physical contact, sight, and sound of adult detainees at all times. This restriction also applies during transports.

(c) Male and female detainees (adult or juvenile) shall not be placed in the same holding area.

History: 1998-2000 AACS.

#### **R 432.11004 Secured delivery station specifications.**

Rule 1004. (1) A casino licensee shall provide a secure structure for all of the following purposes:

(a) Armored car cash deliveries.

(b) Armored car cash pickups.

(c) The delivery and pickup of chips, tokens, and other valuables.

(d) The pickup of detainees.

The structure shall be designated the "secured delivery station" and shall be

covertly surveilled and monitored during all hours of operation. One-on-one continuous surveillance shall be conducted when deliveries and pickups are made.

(2) A secured delivery station shall be in compliance with all of the following provisions:

(a) Be located out of the general view of patrons, nonsurveillance employees, and nonsecurity employees.

(b) Have not less than 2 garage stalls large enough to accommodate 2 armored trucks and still allow adequate space to comfortably walk around each vehicle.

(c) Have 2 independently operated garage doors that are electronically controlled from the casino surveillance room.

(d) Have a secured room between the secured delivery station and the casino common. The room shall have electronically operated sliding bulletproof glass doors that are programmed so that both doors cannot be open at the same time and neither door can open unless both garage doors to the secured delivery station are closed and secured.

(e) Have color cameras and monitors which are in compliance with the specifications for surveillance equipment in these rules which surveil and monitor activities in all of the following areas:

(i) The secured delivery station.

(ii) The secured room off the secured delivery station.

(iii) Just outside the garage doors to the secured delivery station.

(iv) Just inside the casino common.

(3) Casino surveillance personnel shall advise security officers of deliveries so the officers can provide foot escorts to and from secured areas within the casino. Delivery personnel who are not casino personnel shall not be allowed to walk in the secured areas of the casino without an escort.

History: 1998-2000 AACS.

### **R 432.11005 Required surveillance equipment.**

Rule 1005. (1) A casino licensee shall install a closed circuit television system in accordance with this rule.

(2) A casino shall have a sufficient number of monitors in the surveillance rooms to adequately protect patrons and ensure the integrity of casino gaming. The board surveillance room and the casino surveillance room shall have appropriate switching capabilities to ensure all surveillance cameras are accessible to monitors in each room, except for the camera and monitor that allow the board or Michigan state police personnel assigned to the board, or both, to monitor employees in the casino surveillance room. The equipment in the board surveillance room shall be able to monitor and record, without being overridden, anything visible by monitor to employees of a casino licensee.

(3) A table game shall have fixed cameras which are in compliance with the requirements for surveillance equipment in these rules and which continuously



monitor and record all games during all hours of casino operations.

(4) The board surveillance room shall have a color television monitoring system which is in compliance with the requirements for surveillance equipment in these rules and which is capable of monitoring employees in the casino surveillance room.

(5) The equipment utilized in the closed circuit television system shall be in compliance with all of the following requirements:

(a) A black and white television camera shall be in compliance with all of the following requirements:

(i) Be solid state.

(ii) Be 2/3 or 1/2 format.

(iii) Have a minimum of 400 lines of resolution, be installed in fixed positions, and have a matrix control or pan, tilt, and zoom capabilities.

(iv) Be secreted from the public and nonsecurity personnel view to effectively and clandestinely monitor, in detail, from various points, the coverage described in these rules.

(b) A color television camera shall be in compliance with all of the following requirements:

(i) Be 2/3 or 1/2 format.

(ii) Have a minimum of 320 lines of resolution and have a matrix control or pan, tilt, and zoom capabilities.

(iii) Be secreted from the public and nonsecurity personnel view to effectively and clandestinely monitor, in detail, from various points, the coverage described in these rules.

(c) A camera that is utilized for observing chips, dice, tokens, playing cards, keno balls, and positions on the roulette wheel shall be equipped with lenses of sufficient magnification capabilities to allow the operator to clearly distinguish the value of all of the following:

(i) Chips.

(ii) Dice.

(iii) Tokens.

(iv) Playing cards.

(v) Keno balls.

(vi) Positions on the roulette wheel.

(d) A monitor shall be in compliance with all of the following requirements:

(i) Meet or exceed the resolution requirements for recording cameras that have solid state circuitry.

(ii) Have a date and time generator that is synchronized to a central clock which can be displayed on any of the monitors while recording on videotape, video pictures, or other means of electronic recording.

(iii) At a minimum, a monitor screen shall measure diagonally not less than 12 inches and have all controls located on the front of the monitor screen.

(e) A recorder shall be in compliance with all of the following requirements:

(i) Be capable of producing high quality, first generation pictures that meet or exceed the resolution requirements for recording cameras.

(ii) Be capable of recording in a board approved format with high speed scanning and have a flickerless playback capability in real time.

(iii) Be capable of recording what is viewed by any camera in the system.

(iv) There shall be sufficient recorders to allow for the simultaneous recording of the coverage described in these rules, off-line playback, and duplication capabilities.

(f) A printer that is capable of printing from surveillance-related recording equipment shall be provided and shall be in compliance with all of the following requirements:

(i) Be capable of adjustment.

(ii) Upon command, be capable of generating instantaneous, clear, and color, or black and white copies of images depicted on the surveillance monitor screen or recording devices.

(g) A date and time generator shall be in compliance with all of the following requirements:

(i) Be based on a synchronized central or master clock.

(ii) Be capable of being recorded on tape or other board approved medium and be visible on any monitor when recorded.

(iii) Have a backup power supply so that the generator remains accurate despite power interruptions.

(h) Generator equipment shall allow audio capabilities in the hard and soft count rooms.

(i) A wiring system shall be designed to prevent tampering and must be in compliance with both of the following requirements:

(i) Be supplemented with a backup gas generator power source or diesel generator power source, or both, that automatically engages in case of a power failure.

(ii) Be capable of returning full power within 7 to 10 seconds after a power failure.

(j) Switchers for all surveillance cameras shall be capable of both manual and automatic sequential switching for the appropriate cameras.

(k) Both of the following shall be in reserve in the event of equipment malfunctions:

(i) A minimum of 2 backup cameras.

(ii) Two recording devices.

(l) Fixed-color television cameras designated for table games shall be in compliance with all of the following requirements:

(i) Be 2/3 or 1/2 format.

(ii) Have a minimum of 320 lines of resolution, be fixed, and be stationed over table games.

(iii) Be secreted from the public's and nonsecurity personnel's view to effectively and clandestinely monitor, in detail, the patrons, players, dealers, and gaming devices of table games.

(6) Casino surveillance room telephones shall be connected to the casino general telephone system and have at least 1 direct outside line that is independent of the casino general telephone system. Casino surveillance

radio communications shall be connected with the casino security department.

History: 1998-2000 AACS.

**R 432.11006 Required surveillance.**

Rule 1006. (1) The surveillance closed circuit television system shall be capable of covertly monitoring activities on the casino floor and related areas, including patron parking areas and patron passages leading to and from the casino operation and gambling operation areas, as required in these rules.

(2) The board may require additional areas be monitored to ensure compliance with the act and these rules and to ensure the safety of patrons and the integrity of gambling.

History: 1998-2000 AACS.

**R 432.11007 Surveillance system coverage.**

Rule 1007. (1) All of the following areas shall be covertly monitored in accordance with these rules:

- (a) Live gaming devices.
- (b) Pits.
- (c) Electronic gaming device areas.
- (d) Areas of the main bank.
- (e) Hard count room.
- (f) Soft count room.
- (g) Occupied temporary holding area.
- (h) Secured delivery station.
- (i) Garages, pedestrian walkways, and parking lots.

(2) The surveillance system shall provide an overall view of live table games that permits clear identifying of all of the following:

- (a) Dealers.
- (b) Patrons.
- (c) Hands of all participants.
- (d) Facial views of all participants.
- (e) All pit personnel.
- (f) Activities of all pit personnel.

(3) The playing surface of the tables shall be viewed with sufficient clarity to determine all of the following:

- (a) All wagers.
- (b) Card values.
- (c) Game results.

(4) The playing surface of the tables shall be viewed with sufficient clarity to clearly observe, in detail, all of the following:

- (a) Chip trays.
- (b) Token holders.

- (c) Cash receptacles.
- (d) Tip boxes.
- (e) Dice.
- (f) Shuffle machines.
- (g) Card shoes.
- (5) Roulette tables shall be viewed with color cameras.
- (6) Electronic gaming device surveillance systems shall be capable of providing all of the following:
  - (a) A reasonably clear view of all gaming patrons.
  - (b) A facial view of all gaming patrons with sufficient clarity to allow identification of the patron.
  - (c) A view of the electronic gaming device with sufficient clarity to observe the results of the game.
  - (d) An overall view of the areas around the electronic gaming device.
  - (e) A view of bill validators with sufficient clarity to determine the bill value and the amount of credit obtained.
- (7) The surveillance system shall be capable of providing a reasonably clear view of all of the following:
  - (a) Activity by players and employees, alone or in concert, that may constitute cheating or stealing.
  - (b) Failure of employees to follow proper procedures and internal controls.
  - (c) Treatment of disorderly persons.
  - (d) Treatment of persons on the exclusion list.
  - (e) Arrests and evictions.
  - (f) Treatment of ill or injured patrons.
  - (g) The activities of detainees in the temporary holding area.
  - (h) Movement of cash, tokens, cards, chips, or dice on the casino floor. Upon notification of intended movement of any cash, tokens, cards, chips, or dice, both of the following provisions shall be complied with:
    - (i) The surveillance system personnel shall record the notification in the activities log.
    - (ii) During the course of routine surveillance, the progress of the movement shall be monitored to ensure that all procedures and internal controls are followed.
- (i) Areas where any of the following items are stored shall be monitored by a dedicated camera capable of continuous recording or motion activation:
  - (i) Cash.
  - (ii) Tokens.
  - (iii) Chips.
  - (iv) Cards.
  - (v) Dice.
  - (vi) Drop buckets containing tokens or any monetary equivalent.
- (j) Areas where any of the following items are transported or stored shall be monitored by a dedicated camera capable of continuous recording or motion activation:
  - (i) Uncounted tokens.

- (ii) Chips.
- (iii) Cash.
- (iv) Cash equivalents.

History: 1998-2000 AACS.

**R 432.11008 Surveillance system requirements.**

Rule 1008. (1) Surveillance shall visually record all of the following activity:

- (a) Observed criminal activity.
- (b) Arrests or evictions.
- (c) Observed procedural violations by employees.
- (d) Detention of persons and security of their property.
- (e) Emergency activities capable of being observed by the system.
- (f) Armored car and other delivery and pickups from the secured delivery station.
- (g) Any other activity deemed necessary by the board to ensure compliance with the act and to ensure protection of the public and the integrity of gaming.

(2) Surveillance shall audibly and visually record both of the following:

- (a) Soft count procedures.
- (b) Hard count procedures.

(3) Surveillance shall monitor and visually record all of the following:

- (a) Currency collection.
- (b) Drop bucket collection.
- (c) Armored car deliveries and pickups in the secured delivery station.
- (d) Keno ball drawing devices. The view of the keno area shall be in compliance with both of the following provisions:
  - (i) Provide sufficient clarity to identify the numbers on the balls.
  - (ii) Provide a general view of the keno area with sufficient clarity to identify employees involved in the game.

(e) Main banks, including both of the following:

- (i) The capability to monitor and record a general overview of the activities in each cage and vault area with sufficient clarity to identify patrons and employees.
- (ii) A dedicated camera to monitor, record, and identify, with sufficient clarity, the currency, coin, token and chip values, and the amounts of credit slips and fill slips in any area where fills and credits are transacted.

(f) Security department offices, including complying with all of the following provisions:

- (i) The capability to monitor and record, both audibly and visually, all activities in any area of the security office where a person may be detained and questioned by the security department. All areas where a person may be detained and questioned shall display a notice clearly stating that the area is or may be under surveillance.

(ii) All detention and questioning of detained individuals by casino

security personnel must be recorded.

(iii) A notice shall be posted in the security office stating that the area is under surveillance.

(g) Entrances and exits of the casino and entrances and exits of all of the following rooms in the casino:

(i) Count rooms.

(ii) Vaults.

(iii) Surveillance rooms.

(iv) Security rooms.

The entrances and exits described in this subdivision shall have dedicated monitoring and recording devices that have sufficient clarity to afford a reasonable opportunity to identify any person using the entrances and exits.

(h) On-site maintenance and repair service, including complying with all of the following provisions:

(i) Surveillance personnel shall be notified of any maintenance or repair of any gaming or money handling equipment.

(ii) Notation of the service shall be made in the activity log.

(iii) Repair shall be periodically monitored in conjunction with routine monitoring activities to ensure that proper controls and procedures are being followed by casino personnel.

(iv) The provisions of this subdivision are not applicable to routine operations, such as jackpot payouts, hopper fills, and hopper jams.

(4) Surveillance shall monitor, by a dedicated camera, and continuously record any electronic gaming device or group of electronic gaming devices that have a possible jackpot payout of more than \$100,000.00.

History: 1998-2000 AACS.

#### **R 432.11009 Retention of recorded activities.**

Rule 1009. (1) A recorded activity (visual or audio) shall be retained and maintained in accordance with this rule.

(2) A recording of routine activity shall contain a date and time reading and shall be retained for not less than 14 days.

(3) A visual or audio recording of detention or questioning of a detained individual or employee shall be immediately provided to the board. The recording shall contain a date and time reading and shall be marked with all of the following:

(a) The date and time the recording was made.

(b) The identities of the employee or employees responsible for the monitoring.

(c) The identity of the employee who removed the recording from the recorder and the time and date removed.

The recording shall be retained for not less than 14 days after the original recording is provided to the board.

(4) An original recording of a violation of internal controls or criminal activity shall be immediately provided to the board. The recording shall

contain a date and time reading and be marked with all of the following:

- (a) The date and time the tape was made.
- (b) The identity of the employee responsible for the monitoring.
- (c) The identity of the employee who removed the recording from the recorder.

A copy of the recording shall be retained for not less than 14 days after the original is provided to the board.

History: 1998-2000 AACS.

#### **R 432.11010 Segregated and secured telephone communication.**

Rule 1010. A casino licensee shall provide, in the board surveillance room and board casino premises, a segregated and secured telephone communications system for use by the board and Michigan state police personnel assigned to assist the board. The system in each room shall include a direct emergency line for all of the following:

- (a) The Michigan state police regional dispatch center.
- (b) The city of Detroit fire department.
- (c) The Detroit police dispatch center.

History: 1998-2000 AACS.

#### **R 432.11011 Daily surveillance logs; visitors logs.**

Rule 1011. (1) A casino licensee shall maintain a daily surveillance log and a log of visitors to the surveillance room. A daily surveillance log shall be in compliance with all of the following provisions:

- (a) Be continuously maintained by surveillance personnel.
- (b) Be changed with each shift change of personnel.
- (c) Be chronological.
- (d) Contain, at a minimum, all of the following information:
  - (i) The date and time of each entry.
  - (ii) The identity of the employee making the entry.
  - (iii) A summary of the activity recorded.
  - (iv) Detail whether the activity was monitored.
  - (v) Detail the disposition of the tape, if recorded.
- (e) Unless otherwise directed by the board, include entries for all of the following information:
  - (i) The identity of the surveillance room personnel each time they enter or depart the surveillance room and the reason for the entry or departure.
  - (ii) The notification of any maintenance or repair of any gaming device or money handling equipment.
  - (iii) Live table drop box exchanges.
  - (iv) Electronic gaming device drop bucket exchanges.
  - (v) Transfers of cash, chips, tokens, cards, or dice.
  - (vi) Any detention or questioning of patrons or employees by the security department, including the identity of the patrons or employees and the

security department personnel involved.

(vii) The beginning, end, and any interruptions of the soft count.

(viii) The beginning, end, and any interruptions of the hard count.

(ix) An observed violation of these rules or of the licensee's internal control procedures.

(x) An observed criminal activity.

(xi) A pertinent telephone call.

(xii) Pertinent radio transmission.

(xiii) Malfunction or repair of surveillance equipment.

(xiv) An emergency activity.

(xv) Surveillance conducted on anyone or any activity that appears unusual, irregular, or illegal or appears to violate the act or these rules.

(xvi) Surveillance conducted at the request of a casino licensee, an employee of the casino licensee, a board employee, or the Michigan state police.

(xvii) Other notations deemed necessary by surveillance room personnel or the board to ensure compliance with the act and these rules.

The provisions of this subdivision are not applicable to routine operations, such as jackpot payouts, hopper fills, and hopper jams.

(f) Be retained for not less than 90 days.

(2) A visitors log shall be in compliance with all of the following provisions:

(a) Include the signature of anyone other than surveillance room personnel on duty, who accesses the surveillance room.

(b) Identify all visitors.

(c) State the department or agency the visitor represents.

(d) State the reason for access to the room.

(e) Provide the date and time of arrival and departure from the room.

(f) Be retained not less than 90 days.

(3) All surveillance room tapes, logs, and reports shall be in compliance with both of the following provisions:

(a) Be retained in a manner to allow them to be easily retrieved by any of the following:

(i) Time.

(ii) Date.

(iii) Location of activity.

(iv) Type of activity.

(b) Be furnished to the board or personnel of the Michigan state police assigned to the board immediately upon demand. A casino licensee may retain a copy of any tape, log, or report at the casino licensee's own expense.

History: 1998-2000 AACS.

### **R 432.11012 Michigan gaming control board; casino premises office.**

Rule 1012. A casino licensee shall provide a secure and segregated room at the casino premises for the exclusive use of the board. The room shall be in addition to the board surveillance room and shall be a size approved by the



board based on casino size and board staffing needs within the casino. The board casino premises office shall have a secure telephone line that has a different number than the telephone line of the casino. The secure telephone line shall provide not less than 4 extensions and direct emergency lines as described in these rules. A casino licensee shall provide 10 parking spaces located in close proximity to the casino for exclusive use of the board.

History: 1998-2000 AACS.

**R 432.11013 Surveillance equipment; maintenance and malfunctions.**

Rule 1013. (1) The Michigan state police gaming section shall be informed if surveillance equipment is expected to be out of service for more than 30 minutes due to maintenance or malfunction.

(2) Unless otherwise directed by the board, a licensee shall replace equipment expected to be out of service for more than 30 minutes with alternate camera coverage or, at the discretion of the board, shall cover the equipment with live surveillance.

(3),The board will periodically inspect the surveillance room to ensure all of the following:

- (a) All equipment is working properly.
- (b) Camera views are not blocked or distorted by improper lighting or obstructions.
- (c) All required surveillance capabilities are in place.

History: 1998-2000 AACS.

**R 432.11014 Emergency procedures.**

Rule 1014. (1) Before a licensee has operated a casino gambling operation for 120 days, the casino licensee or applicant shall submit, to the board, the Michigan state police gaming section, and the city of Detroit fire department, an emergency action plan for the response to, and management of, fire and medical emergencies and natural disasters in all areas of the casino and related casino enterprises. The plan shall include procedures for notification of the Michigan state police gaming section, the Detroit fire department fire or emergency medical personnel, or both, and procedures for expedited and unimpeded access of the personnel into all areas of the casino or casino enterprise in the event of a fire, medical, or other emergency. The plan shall also include an inspection schedule allowing Michigan state police gaming section and Detroit fire department personnel to inspect all areas of the casino and casino enterprises for compliance with applicable fire and emergency laws, codes, and ordinances.

(2) In an emergency, the safety of patrons and personnel is the first priority.

(3) In an emergency, established emergency management, response, and evacuation plans, as set forth in Michigan law and chapter 19, ordinance 593h of the ordinances of the city of Detroit shall be followed.

(4) All of the following actions shall be taken in an emergency if sufficient time exists:

- (a) Secure all records.
- (b) Replace all recordings.
- (c) Set recorders for slow speeds.
- (d) Activate dedicated cameras and recording devices.
- (e) Set all other available cameras and recorders.

(5) A licensee shall place cameras and recording devices in areas where unusual occurrences have been observed or where reason exists to believe unusual occurrences will occur.

History: 1998-2000 AACS.

**R 432.11015 Incident management training required.**

Rule 1015. (1) A casino licensee shall require licensed casino surveillance and security personnel to undergo annual incident management training administered by the board and the Michigan state police in cooperation with the city of Detroit fire department.

(2) The training will be geared to prepare casino surveillance and security personnel in the proper procedures to follow in the event of a fire, robbery attempt, bomb threat, terrorist activity, medical emergency, or other major occurrence. Training will be geared to instruct casino personnel in all of the following:

- (a) Procedures to follow.
- (b) Notifications to make, for example, police, fire, ambulance, hospitals.
- (c) Securing the facility.
- (d) Communications with Michigan state police and Detroit police dispatch centers and the Detroit fire department.
- (e) Evacuation.
- (f) Fire and medical emergencies.

History: 1998-2000 AACS.

**R 432.11016 Surveillance plan.**

Rule 1016. (1) A casino licensee shall submit a surveillance plan to the board not less than 90 days before the commencement of gambling operations. The plan shall include both of the following:

- (a) A floor plan that shows the placement of all surveillance equipment.
- (b) A detailed description of the surveillance system and its equipment.

(2) Unless recommended by board personnel, a casino licensee shall submit alterations to the surveillance plan to the executive director not less than 30 days before the institution of the alterations. Alterations recommended by board personnel may be implemented as agreed to by the licensee and the board.

(3) A casino licensee shall submit all of the following alteration information:

(a) Details of the change, including the floor plan.

(b) The reason for the change.

(c) Expected results of the change.

(4) A casino licensee shall submit the surveillance plan to the board for approval. A casino licensee can commence operations if a surveillance plan is approved. The board shall advise the casino licensee of the decision in writing.

A casino licensee shall not commence operations or institute alterations if the surveillance plan or alterations are disapproved.

History: 1998-2000 AACS.

### **R 432.11017 Surveillance of employees.**

Rule 1017. (1) An employee whose duties will be monitored in accordance with this rule shall be informed before commencing his or her duties that his or her surveillance is a requirement of employment.

(2) An employee whose duties will be monitored in accordance with this rule shall sign a written statement before commencing his or her employment indicating that the employee understands that he or she will be under surveillance.

(3) A casino licensee shall maintain each signed statement for 1 year after employment ends.

(4) An employee shall sign an updated statement before commencing a new position or before being rehired into a previous position if the new position requires employee surveillance.

(5) An area under surveillance and accessible only to employees shall display a notice clearly stating that the area is under surveillance.

History: 1998-2000 AACS.

### **R 432.11018 Communications equipment.**

Rule 1018. A licensee or applicant shall assure that portable telephone or 2-way radio communication equipment, or both, may be operated from all areas of the casino or casino enterprise, including, but not limited to, secure or underground areas.

History: 1998-2000 AACS.

## **PART 11. SEIZURE, FORFEITURE AND DISCIPLINARY HEARINGS**

### **R 432.11101 Board license as revocable privilege; reasons for investigation of, or disciplinary action against, licensee; hearing procedure.**

Rule 1101. (1) A board licensee has a continuing duty to maintain suitability for licensure. A board license does not create a property right,

but is a revocable privilege contingent upon continuing suitability for licensure.

(2) The board may initiate an investigation or a disciplinary action, or both, against a licensee if the board has reason to believe that at least 1 of the following provisions applies:

- (a) The licensee is not maintaining suitability for licensure.
- (b) The licensee is not complying with licensure conditions.
- (c) The licensee is not complying with the act, these rules, or its agreements with any governmental authority.

(3) The board shall appoint a board member or an administrative hearing officer to conduct a hearing after a complaint has been filed.

(4) The respondent shall submit an original and 2 copies of a request, pleading, or other written document submitted to the board at its offices in Ingham county and shall serve a copy on each party or attorney of record.

(5) The respondent and the board shall include a certificate of service with each pleading. The certificate of service shall indicate that the pleading has been served on each attorney or party of record.

History: 1998-2000 AACS.

#### **R 432.11102 Respondent rights.**

Rule 1102. In a disciplinary or seizure and forfeiture hearing, the respondent is entitled to both of the following:

- (a) Proper notice of all allegations contained in the complaint.
- (b) The ability to confront the evidence presented against the respondent, including, but not limited to, the right to all of the following:
  - (i) Counsel at respondent's expense.
  - (ii) Present a defense.
  - (iii) Call witnesses.
  - (iv) Request the issuance of subpoenas.
  - (v) Cross examine witnesses.
  - (vi) Submit legal arguments.
  - (vii) Participate fully in the proceeding.

History: 1998-2000 AACS.

#### **R 432.11103 Complaint.**

Rule 1103. (1) If the board becomes aware of facts sufficient to support a seizure and forfeiture of a gaming device under the act or a disciplinary action against an applicant or a licensee under the act or these rules, then the board may, after investigation, order the seizure and forfeiture of the gaming device or may initiate a disciplinary action against a licensee. If the board becomes aware of facts that demonstrate lack of compliance with the terms of a certificate of suitability, the act, or these rules, or a development agreement, then the board may, after investigation, initiate action to suspend, revoke, or take other action regarding a certificate of

suitability and to deny the application for a casino license.

(2) The seizure and forfeiture of a gaming device, a disciplinary action, or an action on a certificate of suitability or a license application is initiated by the filing of a complaint with the board.

(3) The complaint shall be in compliance with all of the following requirements:

(a) Be in writing.

(b) State the name of the respondent. State the address and telephone number of the respondent that are on file with the board.

(c) Identify the gaming device that is the subject matter of the seizure and forfeiture action.

(d) State in detail the reasons why, and the facts upon which the board will rely to show that, the respondent should be disciplined, the gaming device should be seized and forfeited, or a certificate of suitability should be revoked or suspended or other action taken or a license application denied.

(e) Have a title and case number assigned to the matter.

(f) Be signed and dated by the executive director or the executive director's designee.

(g) Be accompanied by a certificate of service indicating the date of service.

History: 1998-2000 AACS.

#### **R 432.11104 Answer.**

Rule 1104. (1) A respondent shall file an answer within 21 days of service of the complaint.

(2) An answer shall be in compliance with all of the following requirements:

(a) Be in writing.

(b) Contain an admission or denial of each factual allegation or a statement neither admitting nor denying with a supporting reason.

(c) Set forth any affirmative defense that the respondent wishes to plead.

(d) An answer shall be signed, verified, and dated by the respondent. The verification shall be notarized and shall include a certification stating, "Under the penalty of perjury, the undersigned has examined the answer and to the best of my knowledge and belief, it is true, complete, and correct."

(3) Default judgment or dismissal may result at any stage of the proceeding. If a respondent fails to take action for which it is responsible for a period of 60 days, then default judgment may be entered against the respondent or the case shall be dismissed, unless good cause is shown and default would be contrary to the public interest.

History: 1998-2000 AACS.

#### **R 432.11105 Appearances.**

Rule 1105. A respondent may represent himself or herself or may be

represented by an attorney.

History: 1998-2000 AACCS.

**R 432.11106 Proceedings.**

Rule 1106. (1) All proceedings related to seizures, forfeitures, and disciplinary hearings shall be conducted in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and the procedures for denial and exclusion hearings, except as otherwise provided in the act and these rules. The board shall have the affirmative responsibility of establishing, by a preponderance of the evidence, that the respondent should be disciplined or the gaming device or gaming devices should be seized and forfeited.

(2) The respondent has the burden of proof to prove the allegations in an affirmative defense contained in the answer. The respondent shall have the affirmative responsibility of establishing the elements of an affirmative defense by a preponderance of the evidence.

(3) Testimony shall be given under oath or affirmation. The hearing officer or recorder shall be authorized to administer oaths and affirmations.

(4) Both parties may present an opening statement on the merits. The board proceeds first followed by the respondent. The respondent may reserve opening statement for a later time. The hearing officer may determine the length of time each party is permitted to present an opening statement. The parties may call witnesses in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws and, subject to the discretion of the hearing officer, a former member of the board or former employee of the board may appear to testify as a fact witness about actions by the member or employee during his or her tenure as a member or employee with the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.

(5) The board shall then present the board's case-in-chief.

(6) Upon conclusion of the board's case-in-chief, the respondent may move for a directed finding. The hearing officer may hear arguments on the motion or may grant, deny, or reserve any decision on the motion, with or without argument.

(7) If a motion for directed finding is not made, or if the motion is denied or a decision reserved on the motion, the respondent may present its case.

(8) Each party may conduct cross-examination of adverse witnesses.

(9) Upon conclusion of the respondent's case, the board may present evidence in rebuttal.

(10) The hearing officer may ask questions of the witnesses and may request or allow additional evidence at any time, including additional rebuttal evidence.

(11) Both parties may present closing argument. The board proceeds first, then the respondent, and, thereafter, the board may present rebuttal argument. The hearing officer may determine the length of time each party is permitted for the presentation of closing argument.

(12) The hearing officer may require or allow the parties to submit post-hearing briefs and findings of fact and conclusions of law within 10 days of the conclusion of the hearing or within another time period determined by the hearing officer.

(13) Only the board and the respondent may be parties in proceedings under this rule, except that the attorney general may intervene and represent the interests of the people of the state of Michigan in accordance with state law.

History: 1998-2000 AACCS.

### **R 432.11107 Sanctions and penalties.**

Rule 1107. (1) The hearing officer may impose sanctions and penalties if the hearing officer finds that a party has failed to appear for a scheduled hearing, acted in bad faith for the purpose of delay, or has otherwise abused the hearing process. Upon the presentation of a prima facie case, sanctions and penalties may include, but are not limited to, the following:

- (a) Default judgment or a directed finding on 1 or more issues.
- (b) A fine or costs.

(2) If a respondent fails to testify on the respondent's own behalf with respect to any question propounded to the respondent, then the hearing officer may infer that the testimony or answer would have been adverse to the case of the party refusing to testify.

(3) If the respondent or its agent fails to answer a subpoena or refuses to testify fully at the request of the board, then the failure may be deemed independent grounds for a finding that the gaming device should have been seized and forfeited or the respondent should be disciplined. The hearing officer may also infer that the testimony would have been adverse to the respondent.

History: 1998-2000 AACCS.

### **R 432.11108 Actions available to hearing officer and board.**

Rule 1108. (1) The board or the board's hearing officer may take any of the following actions in an action to seize and forfeit a gaming device:

(a) Seize and forfeit any gaming device that is not in compliance with the act or these rules.

(b) Require the destruction or other appropriate disposal of any gaming device that is not in compliance with the act or these rules. Before the disposal of any gaming device, the board shall do both of the following:

- (i) Take a photograph that demonstrates the nature of the gaming device.
- (ii) Record an adequate description of the gaming device.

(c) Impose any appropriate action set forth in subdivision (2) of this

subrule on a person who possesses any gaming device that is not in compliance with the act or these rules.

(2) The board or the board's hearing officer may take any of the following actions in a disciplinary action against a licensee:

(a) Suspend, revoke, restrict, or place conditions on, the license of a licensee or a certificate of suitability.

(b) Require the removal of a licensee or the removal of an employee of a licensee.

(c) Impose a civil penalty of up to \$10,000.00 or an amount equal to the daily gross receipts, whichever is greater, against a casino licensee for each violation of the act or these rules.

(d) Impose against a supplier licensee for each violation of the act or these rules, a civil penalty of \$5,000.00 or an amount equal to 3 times the amount of proceeds that were or could have been improperly received by the supplier as a result of the violation or attempted violation of the rules.

(e) Impose against an occupational licensee, for each violation of the act or these rules, a civil penalty of not more than \$5,000.00 or an amount equal to 3 times the amount of proceeds that were or could have been improperly received by the occupational licensee as a result of the violation or attempted violation of the rules.

(f) Any other action deemed necessary by the board to ensure compliance with the act or these rules.

History: 1998-2000 AACS.

#### **R 432.11109 Special proceedings.**

Rule 1109. (1) The board may suspend a license issued to a casino licensee without notice or hearing if the board determines that the safety or health of patrons or employees would be threatened by the continued operation of the casino or that the action is necessary for the immediate preservation of the integrity of casino gaming, public peace, health, safety, morals, good order, or general welfare.

(2) If the board determines that an emergency exists, then the board may suspend a casino owner's license, a supplier's license, or an occupational license by 1 of the following procedures:

(a) By an authorized individual or panel of individuals without notice or an evidentiary proceeding.

(b) After a hearing conducted by a hearing officer.

The resulting order shall include a brief statement of the facts and the law that justifies the board's decision to take the specific action.

(3) The suspension of the casino owner's license may continue until the board determines that the cause for the suspension of the license has been abated.

(4) The board may revoke the casino owner's license if the board determines that the casino licensee has not made satisfactory progress toward abating the hazard to the safety or health of patrons or employees within a



reasonable period of time.

History: 1998-2000 AACCS.

## **PART 12. ACCOUNTING RECORDS AND PROCEDURES**

### **R 432.11201 Ownership records.**

Rule 1201. A casino licensee shall keep and provide to the board upon request, all of the following records:

(a) If a casino licensee is a corporation, then all of the following records:

- (i) A certified copy of the articles of incorporation and any amendments.
  - (ii) A certified copy of the bylaws and any amendments.
  - (iii) A certificate of good standing from the state of its incorporation.
  - (iv) If the corporation is operating as a foreign corporation in Michigan, a certificate of authority from the Michigan corporations and securities bureau authorizing it to do business in Michigan.
  - (v) A list of all current and former officers and directors for a period of 7 years before Michigan licensure.
  - (vi) A certified copy of minutes of all meetings of the stockholders and directors for a period of 5 years before Michigan licensure.
  - (vii) A current list of all current stockholders, including the names of beneficial owners of shares held in street or other names.
  - (viii) The name of a company and a current list of all stockholders in the company, including the names of beneficial owners of shares held in street or other names, in which the corporation has a direct, indirect, or attributed interest.
  - (ix) A copy of the stock certificate ledger or its electronic equivalent.
  - (x) A complete record of all transfers of stock to the extent available to the licensee or applicant.
  - (xi) A schedule of amounts paid to the corporation for the issuance of stock and other capital contributions and the dates the amounts were paid.
  - (xii) A schedule of all dividends distributed by the corporation.
  - (xiii) A schedule of all direct or indirect salaries, wages, and other remuneration, including prerequisites, paid during the calendar or fiscal year by the corporation to all officers, directors, and stockholders that have an ownership interest, at any time during the calendar or fiscal year, that is more than 5% of the outstanding capital stock of any class of stock.
- (b) If a casino licensee is a limited liability company, then all of the following records:
- (i) A certified copy of the articles of organization.
  - (ii) A certified copy of the operating agreement.
  - (iii) A list of all current and former managers, including names and addresses.

- (iv) A list of the members, including all of the following information:
  - (A) Names.
  - (B) Addresses.
  - (C) The percentage of interest in net assets, profits, and distributions of cash held or attributable to each.
  - (D) The amount and date of each capital contribution of each member.
  - (E) The date the interest was acquired.
  - (F) The method of determining a member's interest.
- (v) A schedule of all withdrawals of company funds or assets by members.
- (vi) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to each member during the calendar or fiscal year.
- (vii) A copy of the membership ledger or its electronic equivalent.
- (viii) A complete record of all transfers of membership interests.
- (ix) A schedule of amounts paid to the company for the issuance of membership interests and other capital contributions and the dates the amounts were paid.

(c) If a casino licensee is a partnership, then all of the following records:

- (i) A certified copy of the partnership agreement.
- (ii) A certificate of limited partnership of its domicile.
- (iii) A list of the partners, including all of the following information:
  - (A) Names.
  - (B) Addresses.
  - (C) The percentage of interest in net assets, profits, and losses held by each partner.
  - (D) The amount and date of each capital contribution of each partner.
  - (E) The date the interest was acquired.

The list shall also describe the form of the person's partnership interest, for example, limited partner.

- (iv) A schedule of all withdrawals of partnership funds or assets.
- (v) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to each partner during the calendar or fiscal year.

(d) If a casino licensee is a sole proprietorship, then all of the following records:

- (i) A schedule showing the name and address of the proprietor and the amount and date of his or her original investment.
- (ii) A schedule of the dates and amounts of subsequent additions to the original investment and any withdrawals.
- (iii) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to the proprietor during the calendar or fiscal year.

History: 1998-2000 AACS.

### **R 432.11202 Accounting records.**

Rule 1202. (1) A casino licensee shall maintain complete, accurate, legible, and permanent records of all transactions pertaining to its revenues and expenses, assets, liabilities, and equity in conformance with generally accepted accounting principles. The board may direct a casino licensee to alter the manner in which the records are maintained if the licensee's records are not in accordance with generally accepted accounting principles or if the records are not in sufficient detail.

(2) The accounting records shall be maintained using a double entry system of accounting with transactions recorded on the accrual basis and supported by detailed subsidiary records.

(3) The detailed subsidiary records shall include, at a minimum, all of the following:

(a) Detailed general ledger accounts identifying all revenue, expenses, assets, liabilities, and equity for a casino licensee.

(b) A record of all investments, advances, loans, and accounts receivable balances due the establishment.

(c) A record of all loans and other accounts payable by a casino licensee.

(d) A record of all accounts receivable written off as uncollectible by a casino licensee.

(e) Journal entries prepared by a casino licensee.

(f) Tax work papers used in preparation of any state or federal tax return.

(g) Records that identify table drop, table win, and percentage of table win to table drop for each live game and records accumulated for each type of live game by shift or by another accounting period approved by the executive director.

(h) Records that identify all of the following on a per day basis or other accounting period approved by the board:

(i) The actual tokens in.

(ii) Electronic gaming device drop.

(iii) Electronic gaming device win.

(iv) Electronic gaming device win to electronic gaming device drop.

(v) Theoretical payout percentage of each electronic gaming device.

(i) Records supporting the accumulation of the costs for complimentary services and items. A complimentary service or item provided to patrons in the normal course of a casino business shall be recorded at an amount based upon the full retail price normally charged for the service or item.

(j) Records that identify the purchase, receipt, and destruction of gaming chips and tokens from all sources, including receipts from bill validators.

(k) Records required to fully comply with all the federal financial record-keeping requirements enumerated in 31 C.F.R. part 103.

(l) Records required by a casino licensee's internal control system.

(m) Work papers supporting the daily reconciliation of cash accountability.

(n) Other records that the board requires to be maintained.

(4) If a casino licensee fails to maintain the records used by it to

calculate the gross revenues, then the board may compute and determine the amount upon the basis of an audit conducted by the board using available information.

History: 1998-2000 AACS.

**R 432.11203 Standard financial and statistical records.**

Rule 1203. (1) A casino licensee, unless specifically exempted by the board, shall file monthly, quarterly, and annual reports of financial and statistical data in a format prescribed by the board.

(2) The board shall periodically prescribe a set of standard reporting forms and instructions to be used in filing monthly, quarterly, and annual reports.

(3) The board shall prescribe a uniform chart of accounts, including account classifications, in order to ensure consistency, comparability, and appropriate disclosure of financial information. The prescribed chart of accounts shall be the minimum level of detail to be maintained for each accounting classification by a casino licensee.

(4) Annual reports shall be based on a calendar year beginning January 1 and ending December 31, unless otherwise approved by the board. Quarterly reports shall be based on the calendar quarters ending March 31, June 30, and September 30.

Monthly reports shall be based on calendar months. Quarterly and monthly reports shall contain a cumulative year-to-date column in this rule to facilitate analysis.

(5) The reports required to be filed in this rule shall be sworn to and signed by the following entities:

(a) If the reports are from a corporation, then the chief executive officer and 1 of the following entities:

(i) Financial vice president.

(ii) Treasurer.

(iii) Controller.

(b) If the reports are from a limited liability company, then by a manager.

(c) If the reports are from a partnership, then by a general partner and financial director.

(d) If the reports are from a sole proprietorship, then by the proprietor.

(e) If the reports are from any other form of business association, then by the chief executive officer.

(6) A report shall be addressed to the board and postmarked not later than the required filing date. The required filing dates are as follows:

(a) A monthly report is due on the thirtieth calendar day of the following month.

(b) A quarterly report is due on the fifteenth calendar day of the second

month following the end of the quarter.

(c) An annual report is due on the fifteenth calendar day of the third month following the end of the year.

(7) If there is a termination or suspension of the casino license, a voluntary or involuntary change in the company, or a material change in ownership, then a casino licensee shall file an interim quarterly report as of the date the event occurs, unless the event has already been disclosed in a regular quarterly report or unless exempted by the board. The filing date shall be 30 calendar days after the date the event occurs.

(8) An adjustment that results from the quarterly and annual audits shall be recorded in the accounting records. If an adjustment was not reflected in a casino licensee's quarterly or annual reports and if the board concludes that the adjustment is significant, then a revised report may be required from a casino licensee. The revised filing shall be due within 30 calendar days after written notification to a casino licensee.

(9) A delay in mailing, mail pickups, and postmarking is the responsibility of the casino licensee.

History: 1998-2000 AACS.

#### **R 432.11204 Quarterly and annual audits and licensee annual compliance reports.**

Rule 1204. (1) All of the following provisions apply to annual and special audits and other reports:

(a) In accordance with section 14 of the act, the board shall require quarterly and annual audits of the financial condition of the casino licensee's total operations. An independent certified public accountant who is, or whose firm is, licensed in the state of Michigan shall perform the quarterly and annual audits.

The independent certified public accountant who performs the quarterly and annual audits shall be licensed in Michigan.

(b) The quarterly and annual audits shall be performed and presented in accordance with generally accepted accounting principles and contain the opinion of the independent certified public accountant as to its fair preparation and presentation in accordance with generally accepted accounting principles.

(c) To assure the integrity of gaming and compliance with the act and these rules, the board may require a special audit of a casino licensee to be conducted by board personnel or an independent certified public accountant who is, or whose firm is, licensed in Michigan. The board shall establish the scope, procedures and reporting requirements of a special audit.

(d) An audit required in this rule and filed with the board shall, at the same time, be filed with the city.

(2) The board shall require annual compliance reports to be prepared by the licensee and submitted in a manner and form prescribed by the board. The annual compliance report shall address all of the following areas:

(a) Compliance with procedures to ascertain that gross receipts are determined and state and local taxes paid, in conformity with the act and these rules.

(b) Compliance with applicable ordinances and agreements with other governmental authorities.

(c) Compliance with board-approved internal control procedures, accounting procedures, credit procedures, dispute procedures, and board-imposed security and safety requirements.

(d) A material deviation from the casino licensee's approved internal control procedures, accounting procedures, credit and dispute procedures, and board-imposed security and safety requirements.

(e) Corrective action taken by the licensee to resolve deficiencies observed in subdivisions (a) to (d) of this subrule.

(f) Other matters required by the board to measure the licensee's compliance with the act and these rules.

(3) The board shall determine the date of filing and the number of copies of audits or reports required under this rule. The audits or reports shall be received by the board or postmarked not later than the required filing date.

Delays in mailing, mail pickups, and postmarking are the responsibility of the casino licensee.

(4) A casino licensee who is a public reporting company under the securities and exchange act of 1933 or 1934, 15 U.S.C. § 77 and 15 U.S.C. § 78 shall submit a copy of all reports required by the securities and exchange commission to the executive director in a format prescribed by the board. The reports shall be due on the same filing dates as required by the securities and exchange commission.

(5) A casino licensee shall bear the expense of preparing an audit which is required by this rule and which is performed by an independent certified public accountant. Qualified personnel of the casino licensee shall prepare compliance reports and the casino licensee shall bear the expense of preparing the compliance reports.

(6) The reporting year-end of the holder of a casino license shall be December 31 unless otherwise approved by the board.

History: 1998-2000 AACS.

#### **R 432.11205 Accounting controls within the cashier's cage.**

Rule 1205. (1) The assets for which a cashier is responsible shall be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift shall record, on a cashier's count sheet, the face value of each cashier's cage inventory item counted and the total of the opening and closing cashier's cage inventories and shall reconcile the total closing inventory to the total opening inventory. The cashiers shall sign the completed cashier's count sheet attesting to the accuracy of the information contained on the cashier's count sheet.

(2) At the conclusion of each day, at a minimum, a copy of the cashier's count sheet and related documentation shall be forwarded to the accounting department.

(3) All accounting controls within the cashier's cage shall conform with the approved internal control system.

History: 1998-2000 AACS.

**R 432.11206 Procedures for exchange of checks submitted by gaming patrons and granting credit.**

Rule 1206. (1) Except as otherwise provided in this rule, a casino licensee shall not make a loan, or otherwise provide credit to an individual to enable an individual to take part in gambling. The failure to deposit a negotiable instrument for collection by the next banking day after the instrument is received shall be considered an extension of credit.

(2) A casino licensee may extend credit to a patron only in the manner provided in its internal control system approved by the board.

(3) The internal control system shall ensure both of the following:

(a) That each credit transaction is promptly and accurately recorded in appropriate credit records.

(b) That credit may be extended only in a commercially reasonable manner considering the assets, liabilities, prior payment history, and income of the patron to the extent available.

(4) Credit shall not be extended beyond the approved credit line.

(5) A casino licensee shall provide, to the executive director, a monthly report detailing credit issued, an aging of outstanding credit amounts, and collection activities taken with respect to aging accounts and accounts written off as uncollectible.

(6) In accordance with the act, the value of chips or tokens issued to a patron upon the extension of credit, the receipt of a check or other instrument, or through a complimentary distribution program shall be included in the computation of gross receipts.

History: 1998-2000 AACS.

**R 432.11207 Handling cash at gaming tables.**

Rule 1207. (1) A gaming employee who receives any currency or cash equivalents from a patron in the gaming area shall promptly place the currency or cash equivalent in the drop box.

(2) A cash wager shall not be allowed to be placed at any gaming table. The cash shall be converted to chips before a wager is accepted.

History: 1998-2000 AACS.

**R 432.11208 Tips or gratuities.**

Rule 1208. (1) A gaming employee shall not accept currency as a tip or gratuity from any patron. This subrule does not apply to waiters, waitresses, bartenders, or other food or beverage servers in the casinos.

(2) A gambling operation key person, box person, floor person, or other employee who serves in a supervisory position shall not accept a tip or gratuity from a player or patron of the casino gaming operation where he or she is employed. A gambling operation key person or employee shall not solicit a tip or gratuity. A casino licensee shall not permit any practices prohibited by subrule (1) of this rule.

(3) All of the following provisions apply to tips and gratuities given to a dealer:

(a) A dealer shall immediately deposit tips and gratuities in a transparent locked box reserved for that purpose. If nonvalue chips are received at a roulette table, then a dealer shall not remove the marker button indicating the specific value of the chips from the slot or receptacle attached to the outer rim of the roulette wheel until after a dealer, in the presence of a supervisor, has converted the nonvalue chips into value chips. The value chips shall be immediately deposited in a transparent locked box reserved for deposit and storage of tips and gratuities to the dealer.

(b) Tips and gratuities shall be accounted for by a recorded count conducted by not less than 2 employees designated by the licensee.

(c) Tips and gratuities shall be placed in a pool for pro rata distribution among the designated employees. Tips or gratuities from the pool shall be deposited into a casino licensee's payroll account. Distributions to dealers from the pool shall be made following a casino licensee's payroll accounting practices and shall be subject to all applicable state and federal withholding taxes.

History: 1998-2000 AACS.

**R 432.11209 Deposits of wagering tax.**

Rule 1209. (1) A casino licensee shall maintain an account at a designated financial institution that is capable of handling electronic fund transfers.

(2) A casino licensee shall, with the agreement of the board, select a 24-hour cycle that shall be defined as the business day for the purpose of establishing the tax schedule and tax liability due dates.

History: 1998-2000 AACS.

**PART 13. CREDIT**



**R 432.11301 Purpose of credit extension procedures; establishment of procedures.**

Rule 1301. (1) A casino licensee shall submit procedures for extending credit for the following reasons:

(a) To ensure that markers issued by a casino licensee are issued only in accordance with the specific or general authorization of the act and these rules.

(b) To ensure that the functions, duties, and responsibilities of a licensee's employees involved in the extension of credit are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

(c) To ensure that a casino employee is not in a position to perpetuate and conceal errors or irregularities in the normal course of his or her duties.

(d) To ensure that procedures are conducted with integrity and in accordance with the act and these rules.

(2) A casino licensee is responsible for establishing policies and procedures to extend credit to patrons. The policies and procedures shall provide that each credit transaction is promptly and accurately recorded.

History: 1998-2000 AACS.

**R 432.11302 Submission of extension of credit procedures.**

Rule 1302. (1) A casino licensee or casino license applicant shall submit procedures for extending credit to the board.

(2) Procedures for extending credit shall be in compliance with the act and this rule.

(3) Both of the following provisions apply to the submission of extension of credit procedures:

(a) A casino licensee or casino license applicant shall submit procedures for extending credit to the board not less than 60 days before the commencement of gambling operations.

(b) Procedures for extending credit may not be utilized by a casino licensee unless the procedures for extending credit have been submitted, in writing, and approved by the board.

(4) The board may disapprove any portion of the policies or procedures concerning the extension of credit. If the board disapproves a policy or procedures concerning the extension of credit, then the board shall notify the casino licensee, in writing, of the disapproval.

(5) Access to the credit information, outstanding credit instruments, and credit instruments that have been written off is restricted to occupational licensees who require access and who are authorized by management to have access.

History: 1998-2000 AACS.

**R 432.11303 Amendments to procedures for extending credit.**

Rule 1303. (1) Both of the following provisions apply to an amendment to procedures for extending credit:

(a) Unless otherwise authorized by the board, an amendment to a portion of the procedures for extending credit shall be submitted to the board not less than 45 days before utilizing the procedures for extending credit.

(b) A casino licensee shall not utilize an amendment to procedures for extending credit unless the amendment to the procedures for extending credit has been submitted, in writing, to the board.

(2) The board may disapprove any portion of an amendment to the policies or procedures concerning the extension of credit. If the board disapproves an amendment, then the board shall notify the casino licensee, in writing, of the disapproval. A casino licensee may not utilize any amendment that has been disapproved.

History: 1998-2000 AACS.

**R 432.11304 Application of credit.**

Rule 1304. (1) In accordance with these rules, a casino licensee or casino license applicant shall submit the procedures for establishing credit to the board. Procedures for establishing credit shall, at a minimum, include the following:

(a) A credit file shall be completed and maintained for each patron to whom credit is extended. This file shall include, at a minimum, all of the following:

(i) A credit application, including, but not limited to, all of the following information:

- (A) Patron's name.
- (B) Requested credit line.
- (C) Current home address.
- (D) Home telephone number.
- (E) Date of birth.
- (F) Place of employment and position held.
- (G) The employer's address and telephone number.
- (H) The patron's bank address.
- (I) The checking account number.
- (J) Social Security number.

(ii) Authorized credit limit.

(iii) A photocopy of the patron's identification.

(iv) A history of all credit issued to the patron and payments received or written off by the casino licensee.

(v) Verification of the credit application and approval of credit establishment.

(b) Procedures for verification of the credit application.

(c) Procedures for the review and approval of the credit limit for the

patron.

(d) Procedures to increase or decrease an established credit line.

(e) Other procedures deemed necessary by the executive director or the board to ensure compliance with the act and these rules.

(2) A casino licensee shall not extend credit to a patron who has exceeded an established credit line.

History: 1998-2000 AACS.

#### **R 432.11305 Verification of credit.**

Rule 1305. (1) A casino licensee may verify a patron's outstanding indebtedness, as required by these rules, by contacting a consumer credit bureau that is reasonably likely to possess information concerning the patron or a casino credit bureau, or both, to determine whether the patron has any liabilities or if there is any derogatory information concerning the patron's credit history.

(2) Credit bureau contact shall be considered a verification of the outstanding indebtedness provided by the patron. If credit bureau contact is not immediately possible, then the casino licensee may use an alternative source that has made the required contact. A casino licensee shall record the source of verification and the method by which the verification was performed in the patron's credit file.

(3) If neither credit bureau has information relating to a patron's outstanding indebtedness, then a casino licensee shall record this information in the patron's credit file.

History: 1998-2000 AACS.

#### **R 432.11306 Issuance of markers.**

Rule 1306. A casino licensee shall establish procedures for the computerized or manual issuance of markers, including, at a minimum, all of the following:

(a) A designation of the licensed occupational positions that are authorized to issue markers and a description of their duties.

(b) A description of where markers can be issued.

(c) A description of the marker and the information and signatures required to authorize the marker. Both of the following provisions specify requirements for a marker:

(i) A casino licensee shall submit the form of its markers to the board prior to its use.

(ii) The form must be a 3-part, numbered form.

(iii) The marker shall include, but not be limited to, all of the following

information:

- (A) Patron's name and casino account number.
- (B) Dollar amount of the marker.
- (C) Casino marker number.
- (D) Current time and date.
- (E) The required signatures.
- (F) A description of the term of repayment, including the rate of interest, if any.
- (d) A description of the distribution of each part of the marker.
- (e) Verification of the patron's identity through identification credentials before the issuance of the marker.
- (f) Verification of available credit.
- (g) A description of the recording of the credit transaction.
- (h) A description of accountability and control over the markers.
- (i) A computer record and computerized log shall be maintained identifying the information in subdivisions (a) to (h) of this rule for not less than 5 years.
- (j) Other information deemed necessary by the board to ensure compliance with the act and these rules.

History: 1998-2000 AACS.

#### **R 432.11307 Receipt of payments.**

Rule 1307. A casino licensee shall establish policies and procedures approved by the board in accordance with these rules to ensure that all payments received on outstanding credit instruments are recorded in a timely fashion. The procedures shall, at a minimum, include all of the following:

- (a) A description of the procedure for processing payments received by the casino licensee in any manner.
- (b) Requirements for the consolidation of markers.
- (c) A detailed description of the distribution of all parts of redeemed and consolidated markers and redemption vouchers.
- (d) A detailed allocation of principal and interest on each payment made, if any.

History: 1998-2000 AACS.

#### **R 432.11308 Front money deposits.**

Rule 1308. (1) A casino licensee shall establish procedures approved by the board in accordance with these rules in connection with front money. The casino licensee shall establish policies and procedures approved by the board in accordance with these rules to ensure that all applicable currency transaction reporting requirements will be enforced in accordance with applicable state and federal law.

(2) Any of the following may be accepted from patrons for the purpose of customer deposits:

- (a) Cash or cash equivalent.
- (b) Value chips issued by the casino licensee.
- (c) Tokens issued by the casino licensee.
- (3) Deposits or withdrawals shall be documented on a voucher that is not less than a 2-part, numbered form. The voucher shall be completed by the casino cage cashier and shall include, at minimum, all of the following information:
  - (a) Patron's name and signature.
  - (b) Date of receipt or disbursement.
  - (c) Amount of deposit.
  - (d) Type of deposit.
  - (e) Casino cashier's signature.
- (4) A casino licensee shall provide, to the board, a monthly report detailing, at a minimum, all of the following:
  - (a) Outstanding credit.
  - (b) Checks returned and held.
  - (c) Collection activities taken.
  - (d) Settlement of disputed items.
- (5) All of the following checks shall be deposited not later than the business day after the day the checks are received or dated:
  - (a) Cashier's checks.
  - (b) Money orders.
  - (c) Credit card advance checks.
  - (d) Traveler's checks.
  - (e) Wire transfer service checks.
- (6) Personal checks shall be deposited not later than the business day after the day the checks are received or dated, unless otherwise agreed to by the casino licensee and the patron.

History: 1998-2000 AACS.

**R 432.11309 Check cashing.**

Rule 1309. (1) A casino licensee shall establish policies and procedures approved by the board in accordance with these rules in connection with cashing checks or drafts by the casino licensee. Only the following types of checks may be cashed by the casino licensee:

- (a) Personal checks.
  - (b) Drafts.
  - (c) Cashier's checks.
  - (d) Money orders.
  - (e) Credit card and debit card advance checks.
  - (f) Traveler's checks.
  - (g) Wire transfers and other kinds of checks approved by the board.
- (2) A casino licensee shall establish check-cashing privileges and limits that shall, at a minimum, incorporate the procedures established in R

432.11304.

(3) For all checks cashed, all of the following procedures shall be followed:

(a) Examine the patron's picture identification and compare the signature on the identification credential to the signature on the check to ensure agreement.

If the signatures do not match, then the casino licensee shall not extend credit to the patron.

(b) Immediately stamp the check "for deposit only."

(c) Date and time stamp the check.

(d) Initial the check.

(e) Count out, in full public view and in the view of the surveillance camera, the funds requested by the patron.

(4) If personal checks are cashed, then the cashier shall perform the procedures outlined in subrule (3) of this rule and all of the following additional procedures:

(a) Record the picture identification number if the check is under \$500.00 and check-cashing privileges have not been established by the patron.

(b) Determine if the patron's available credit is sufficient to cover the amount of the personal check, if applicable.

(c) A personal check may not be cashed if the patron has a balance outstanding, due to checks previously cashed by the casino licensee, for more than 30 days.

(d) A personal check will be held against established credit lines for the earlier of 7 days or the date that the check cleared the financial institution upon which it was drawn.

History: 1998-2000 AACS.

### **R 432.11310 Handling of returned checks.**

Rule 1310. (1) A casino licensee shall establish policies and procedures approved by the board in the same manner as the procedures for extension of credit for the handling of returned checks.

(2) A returned check is received and documented on a returned check log by a department independent of the casino cage or credit department, or both. If the licensee uses a check-cashing service, then the licensee shall establish a procedure for the retention of copies of returned checks.

(3) Procedures shall be established for collecting and recording checks returned to a casino licensee after deposit, including redeposit procedures.

(4) A continuous record of all returned checks shall be maintained by a collections department. The records shall contain all of the following information:

(a) Original date of the check.

(b) Name and address of the drawer of the check.

(c) Amount of the check.

- (d) Date the check was dishonored.
- (e) Date or dates and amount or amounts of any collections received on the check after being returned by a bank.
- (5) A returned check is considered the issuance of credit and is handled in accordance with the collection of credits.
- (6) Procedures shall be described for notifying the casino cage, credit departments, or the equivalent of credit departments of returned checks and of the prohibition from granting further credit to patrons whose checks have been returned and remain unsatisfied.

History: 1998-2000 AACS.

**R 432.11311 Collection of past due accounts.**

Rule 1311. A casino licensee shall establish policies and procedures for the collection of past due markers and returned checks. The procedures shall be approved by the board in the same manner as the extension of credit. The policies and procedures shall be submitted in accordance with R 432.11302. Amendments to the policies and procedures shall be handled in accordance with R 432.11303.

History: 1998-2000 AACS.

**R 432.11312 Write-off of past due accounts.**

Rule 1312. (1) A casino licensee shall establish policies and procedures for the write-off of past due markers and returned checks. The procedures shall be approved by the board in the same manner as the extension of credit. The procedures shall, at a minimum, satisfy both of the following provisions:

- (a) A write-off committee shall be established.
- (b) Authorize write-off by the write-off committee.

The policies and procedures shall be submitted in accordance with R 432.11302. Amendments to the policies and procedures shall be handled in accordance with R 432.11303.

(2) If it is determined that a casino licensee failed to comply with this part when extending credit or cashing checks and the casino licensee determines that the past due marker or returned check is uncollectible, then the casino licensee is not entitled to include the marker or check when calculating the uncollectible gaming receivables deduction in computing the wagering tax.

History: 1998-2000 AACS.

**PART 14. MOVEMENT OF GAMING EQUIPMENT**

**R 432.11401 Applicability of part; transportation requirements; transportation notification; sale and delivery of gaming devices restricted.**

Rule 1401. (1) This part applies to a casino licensee, casino license applicant, and supplier of electronic gaming devices.

(2) An electronic gaming device may only be moved in accordance with this rule. A casino licensee, casino license applicant, and supplier licensee shall comply with this rule before any of the following occur:

(a) An electronic gaming device is transported from any point outside of Michigan into the state of Michigan.

(b) An electronic gaming device is transported from any point within Michigan to any point outside of Michigan.

(c) An electronic gaming device is transported within Michigan other than from one location in the casino to another.

(3) Except as provided in R 432.11402(3), transportation notification is not required for the movement of an electronic gaming device on the casino floor.

(4) An electronic gaming device may only be sold or delivered, or both, to a casino licensee, casino license applicant, or other person entitled to possess electronic gaming devices under applicable state and federal law.

(5) An electronic gaming device may not be delivered to a casino licensee or casino license applicant unless an employee of the board or personnel of the Michigan state police gaming section is present at the point of delivery.

A casino licensee is responsible for ensuring that a member of the board staff or a board agent is present at the point of delivery.

History: 1998-2000 AACS.

**R 432.11402 Electronic gaming device movement.**

Rule 1402. (1) Not less than 5 days before the delivery of an electronic gaming device, the person causing the movement of the electronic gaming device shall notify the board, in writing, and provide all of the following information:

(a) The full name, business address, and business telephone number of the person selling the electronic gaming device.

(b) The full name, business address, and business telephone number of the ultimate owner of the electronic gaming device if ownership is being changed in connection with the transportation of the electronic gaming device.

(c) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.

(d) The full name, business address, and business telephone number of the person to whom the electronic gaming device is being transported.

(e) The individual responsible for the shipment of the electronic gaming device for each person listed in subdivisions (a) to (d) of this subrule.

(f) The destination of the electronic gaming device if the address is different from the business address listed in subdivision (b) of this subrule.



- (g) The quantity of electronic gaming devices being transported.
  - (h) A brief description of the electronic gaming device being transported.
  - (i) The serial number of the electronic gaming device and a request for the issuance of a board registration number in accordance with these rules.
  - (j) The expected date and time of delivery of the electronic gaming device to the casino.
  - (k) The expected date and time of the exit of the electronic gaming device if the device is exiting Michigan.
  - (l) If the origin of the electronic gaming device being transported into Michigan is outside of the United States, the port of exit from that jurisdiction and the point of entry into the United States.
  - (m) If the electronic gaming device is being transported to a destination outside of the United States, the port of exit from the United States.
  - (n) The reason for the transportation of the electronic gaming device.
  - (o) Upon request by the executive director, the person selling the electronic gaming device shall prove that the recipient is authorized under state and federal law to receive the electronic gaming device.
- (2) If requested by the board, a person who receives an electronic gaming device shall prove that the device was received.
- (3) Before an electronic gaming device is removed from the casino floor, a casino licensee or casino license applicant shall ensure that all of the following actions are taken:
- (a) The hopper is emptied in accordance with these rules.
  - (b) An employee of the board or personnel of the Michigan state police assigned to the board removes the evidence tape that was affixed in accordance with these rules.
  - (c) Before an electronic gaming device is removed from Michigan, the board registration tag shall be removed in the presence of, and returned to, an employee of the board or personnel of the Michigan state police assigned to the board.

History: 1998-2000 AACS.

**R 432.11403 Electronic gaming device transportation log.**

Rule 1403. (1) A casino licensee and casino license applicant shall maintain an electronic gaming device movement log on forms prescribed by the board.

The electronic gaming device movement log shall contain, at a minimum, all of the following information:

- (a) The manufacturer of the electronic gaming device being transported.
- (b) The type of electronic gaming device being transported.
- (c) The serial number and board registration number, if issued, of the electronic gaming device.
- (d) The destination of the electronic gaming device.
- (e) The expected date and time of shipment.
- (f) The method of transportation and the name, business address, and

business telephone number of the carrier or carriers.

(g) Other information the executive director or the board deems necessary to ensure compliance with the act and these rules.

(2) The electronic gaming device movement log shall be maintained by the casino licensee and the casino license applicant for a minimum of 5 years and shall be made available for inspection upon demand by the board or a board agent.

History: 1998-2000 AACS.

#### **R 432.11404 Live gaming device movements.**

Rule 1404. (1) This rule applies to a casino licensee, casino license applicant, and supplier licensee. For purposes of this rule, a live gaming device table shall constitute a fully assembled gaming table, including a table layout, and not the various components that comprise a fully assembled table.

A table layout, however, by itself, constitutes a live gaming device subject to the requirements and restrictions of this rule.

(2) A live gaming device may only be moved in accordance with this rule. A casino licensee, casino license applicant, and supplier licensee shall comply with this rule before any of the following occur:

(a) Live gaming devices are transported from any point outside of Michigan into Michigan.

(b) Live gaming devices are transported from any point within Michigan to any point outside Michigan.

(c) Live gaming devices are transported to and from locations within Michigan.

(3) Except as provided in R 432.11402(3), transportation notification is not required to move a live gaming device on a casino floor.

(4) A live gaming device may only be sold or delivered, or both, to a casino licensee, casino license applicant, or other person entitled to possess live gaming devices under applicable state and federal law.

(5) A live gaming device may not be delivered to a casino licensee or a casino license applicant unless an employee of the board or personnel of the Michigan state police assigned to the board is present at the point of delivery. A casino licensee is responsible for ensuring that an employee of the board or personnel of the Michigan state police assigned to the board is present at the point of delivery.

(6) A live gaming device table may only be installed in a licensed casino.

History: 1998-2000 AACS.

#### **R 432.11405 Transportation of live gaming device.**

Rule 1405. (1) For purposes of this rule, a live gaming device table shall constitute a fully assembled gaming table, including a table layout, and not the various components that comprise a fully assembled gaming

table. A table layout, however, by itself, constitutes a live gaming device subject to the requirements and restrictions of this rule. Not less than 5 days before the delivery of live gaming devices to a casino in Michigan, the person causing the movement of the live gaming device in Michigan shall notify the board, in writing, and provide all of the following information:

(a) The full name, business address, and business telephone number of the ultimate owner of the person selling the live gaming device.

(b) The full name, business address, and business telephone number of the ultimate owner of the live gaming device if ownership is being changed in connection with the transportation of the live gaming device.

(c) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.

(d) The full name, business address, and business telephone number of the person to whom the live gaming device is being transported.

(e) The individual responsible for the shipment of the live gaming device for each person listed in subdivisions (a) to (d) of this subrule.

(f) The destination of the live gaming device if the address is different from the business address listed in subrule (2) of this rule.

(g) The quantity of live gaming devices being transported.

(h) A brief description of each live gaming device being transported.

(i) Any serial number assigned to the live gaming device and a request for the issuance of a board registration number.

(j) The expected date and time of delivery of the live gaming device to the casino in Michigan.

(k) The expected date and time of the exit of the live gaming device if the device is exiting Michigan.

(l) If the origin of the live gaming device being transported into Michigan is outside of the United States, the port of exit from that jurisdiction and the point of entry into the United States.

(m) If the live gaming device is being transported to a destination outside of the United States, the port of exit from the United States and the foreign destination to which it is being transported.

(n) The reason for the transportation of the live gaming device.

(o) Upon request by the board, the person selling the live gaming device shall prove that the recipient is authorized, under state and federal law, to receive the live gaming device.

(2) The person receiving the live gaming device in Michigan shall prove receipt of the live gaming device if requested by the executive director.

(3) Before a live gaming device is removed from the casino floor, the board registration tag shall be removed in the presence of, and returned to, an

employee of the board or personnel of the Michigan state police assigned to the board.

History: 1998-2000 AACS.

**R 432.11406 Live gaming device transportation log.**

Rule 1406. (1) Each casino licensee and casino license applicant must maintain a live gaming device log on forms prescribed by or approved by the board. The live gaming device movement log shall contain, at a minimum, the following information:

- (a) The manufacturer of the live gaming device being transported.
- (b) The type of live gaming device being transported.
- (c) Any serial number assigned to the live gaming device, and the board registration number, if issued, of the live gaming device.
- (d) The destination of the live gaming device.
- (e) The expected date and time of the shipment.
- (f) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.
- (g) Other information the executive director or the board deems necessary to ensure compliance with the act and these rules.

(2) A live gaming device movement log shall be maintained by a casino licensee and casino license applicant for a minimum of 5 years and shall be made available for inspection upon demand by the board or a board agent.

History: 1998-2000 AACS.

**PART 15. DISPUTE PROCEDURES**

**R 432.11501 Applicability of part; patron disputes to be settled under this part.**

Rule 1501. (1) This part applies to a casino licensee and an occupational licensee.

(2) Patron disputes shall be settled in compliance with this part.

History: 1998-2000 AACS..

**R 432.11502 Patron dispute process.**

Rule 1502. (1) A casino licensee shall attempt to resolve all patron disputes and shall have a period of 10 business days to investigate a patron complaint and resolve the dispute.

(2) If a casino licensee and the patron cannot resolve the dispute, then the casino licensee shall advise the patron of the patron's right to file a complaint form with the board. The complaint may be received by the board employee or member of the Michigan state police gaming section at the board

office in the casino and sent to the board office in Detroit, Michigan. A casino licensee shall provide a patron with a complaint form upon request.

(3) A complaint shall contain, at a minimum, all of the following information:

(a) The name, address, and telephone number of the patron.

(b) A summary of the nature of the patron complaint, including the date and time on which the incident leading to the dispute occurred.

(c) A list of the names, if known, of any occupational licensees that were involved in, or a witness to, the incident that led to the patron dispute.

(d) The name, address, and telephone number, if known, of any witnesses to the incident that led to the patron dispute.

(e) A summary of the casino licensee's attempt to resolve the patron dispute.

(f) Other information deemed necessary by the executive director or the board.

(4) A patron shall submit the complaint within 21 business days of the incident that led to the patron dispute. The patron shall provide a copy of the complaint to the casino licensee at the same time that the patron submits the complaint to the board.

(5) A casino licensee shall respond in writing to a patron within 14 business days of receiving a copy of the patron's complaint.

History: 1998-2000 AACS.

#### **R 432.11503 Investigation; possible disciplinary action.**

Rule 1503. The board shall determine if a patron dispute requires investigation.

If the board determines that an investigation is necessary, then the board shall conduct the investigation. If it is determined that the casino licensee or an occupational licensee violated the act or this rule, then the board may initiate disciplinary action.

History: 1998-2000 AACS.