

DEPARTMENT OF TREASURY
MICHIGAN GAMING CONTROL BOARD
CASINO GAMING

(By authority conferred on the Michigan gaming control board by section 4 of the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.204)

PART 1. DEFINITIONS

R 432.1101 Definitions; A to C.

Rule 101. As used in these rules:

(a) "Act" means the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(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 validator" means an electromechanical device attached either on or into an electronic gaming device for the purpose of dispensing an amount of credits equal to the amount of cash or cash equivalency inserted into the bill validator.

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

(g) "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.

(h) "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.

(i) "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 is not a cash equivalent.

(j) "Casino critical computerized systems" 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, either of 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, either of the following or their equivalents:

(A) Manual payouts.

(B) Table credits and fills.

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

(A) Receipt and record of 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.

(k) "Casino license" means a license issued by the board to a person to own or operate a casino in this state under the act.

(l) "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.

(m) "Casino surveillance room" means a room or rooms at each casino for monitoring and recording casino operations and gambling operations by the casino licensee.

(n) "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.

(o) "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.

(p) "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.

(q) "Counterfeit chips" means chip-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.

(r) "Count room" means the room or rooms designated for the counting, wrapping, and recording of a casino licensee's gaming receipts.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 EGD drop and table drop.

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

- (i) Currency.
- (ii) Tickets.
- (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 meter" means an electronic or mechanical device or devices, or both, that automatically and continuously count the number of dropped electronic gaming device credits.

(g) "EGD drop" means the total value of currency and tickets collected from the drop box. If a patron is utilizing an electronic card, then the drop includes the amount transferred to an EGD.

(h) "EGD win" means the EGD drop minus hand-paid jackpots, tickets issued, and electronic credits transferred from an EGD.

(i) "Electronic card" means a card purchased from, or provided by, a casino licensee for use at the licensee's casino as a substitute for currency for the conduct of gaming.

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

(k) "Electronic gaming device" or "EGD" 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) Tickets.
- (iv) Redeemable game credits.
- (v) Anything of value other than unredeemable free games.
- (l) "EPROM" means erasable, programmable, read only memory.
- (m) "Excluded person" means a person whose name appears on an exclusion list.
- (n) "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.
- (o) "Felony" means a violation of a penal law of this state for which the offender, upon conviction, may be punished by imprisonment for more than 1 year, or an offense expressly designated by law to be a felony. Convictions under federal law or the law of states other than this state are to be considered felony convictions if the offense was punishable by death or by more than 1 year of incarceration or, when the statutory penalty is not available, if the crime was designated as a felony in the convicting jurisdiction at the time of the prior conviction.
- (p) "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.
- (q) "Front money" means a deposit of value made by a patron at the cage.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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, piece of equipment, item, or implement that affects the result of a gambling game by determining a win or loss, including, without limitation, any of the following:
 - (i) EGDs.
 - (ii) Software.
 - (iii) Cards.
 - (iv) Dice.

Layouts for live table games and any representatives of value, including, without limitation, chips, or electronic 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) "Hand" means either 1 game in a series, 1 deal in a card game, or the cards held by a player.
- (e) "Hearing officer" means the board member or the administrative hearing officer designated to conduct a hearing on any matter within the jurisdiction of the board.

(f) "Holding company" means any person, other than an individual, that meets both of 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 subsidiary, regardless of how many subsidiaries may intervene between the holding company and the holder or applicant for, or holder of, casino license or a supplier's license.

(g) "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.

(h) "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.

(i) "Individual" means any natural person.

(j) "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.

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

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

(l) "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.

(m) "Irrevocable letter of credit" means an engagement by a banking institution which is issued, held, and negotiated under the publication entitled "Uniform Customs and Practice for Documentary Credits," 2007 revision, International Chamber of Commerce publication no. 600, as amended, or "International Standby Practices ISP 98," International Chamber of Commerce publication no. 590 (1999), as amended, 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.

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 this state, based upon the person's actual or calculated potential to wager or lose, regardless of whether the activities of the junket representative occur within this state.

(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 this state, 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 this state, 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 this state and who is not otherwise subject to occupational licensing in this state.

An institutional investor is not a key person unless it has a controlling interest or fails to meet the standards of section 6c(1) of the act, MCL 432.206c, 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 EGD 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.
- (v) Table layout.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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.
- (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 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) "Multigames" means an EGD that offers a menu of more than 1 gambling game to the player.

(d) "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.

(e) "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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 EGD manufacturer and which depicts all of the following:

(i) The possible outcomes from the play of an EGD.

(ii) The probability of occurrence of the outcomes.

(iii) The contribution of each winning outcome to the payback percentage of the EGD.

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

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

(d) "Petitioner" means a person who files a petition under part 7 of these rules.

(e) "Picture identification" means a valid driver license, state identification card, student identification card, military identification card, passport, or any other bona fide picture identification that establishes the identity and age of the individual.

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

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

(i) "Public offering" means a sale of securities that is subject to the registration requirements of section 5 of the securities act of 1933, 15 USC 77e(c), 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), (a)(11), or (c) of the securities act of 1933, 15 USC 77c(a)(10), (a)(11), or (c), as amended.

(ii) Regulation A or Regulation D adopted under section 3(b) of the securities act of 1933, 15 USC 77c(b), 17 CFR 230.251 to 230.263, and 230.500 to 230.508, as amended.

(j) "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 USC 78l, as amended.

(B) The person issues securities and is subject to section 15(d) of the securities exchange act of 1934, 15 USC 78o(d), as amended.

Either term also means another person, other than an individual, required to file under the securities exchange act of 1934, 15 USC 78a to 78qq.

(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 this state.

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 an underwriter of a public offering under section 2(a)(11) of the securities act of 1933, 15 USC 77b(a)(11), and 17 CFR 230.140, as amended.

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

(k) "Random access memory" or "RAM" means the electronic component used for computer work space and storage of volatile information in an EGD.

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

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

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

(o) "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, MCL 432.206c, for waiver of the eligibility and suitability requirements for licensure under the act and these rules. An institutional investor is not considered to be a related party unless it fails to meet the standard set forth in section 6c(1) of the act, MCL 432.206c, for waiver of the eligibility and suitability requirements for licensure.

(p) "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.
- (q) "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.
- (r) "Read only memory" or "ROM" means the electronic component used for storage of nonvolatile information in an EGD, including programmable ROM and erasable programmable ROM.
- (s) "Respondent" means a person against whom a seizure, forfeiture, or disciplinary action has been initiated.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1107 Definitions; S to U.

Rule 107. As used in these rules:

- (a) "Slot machine" means a type of EGD.
- (b) "Slug" means a disk or object which is not issued by the casino licensee and which does not have a cash value.
- (c) "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.
- (d) "Standard chi-squared analysis" means the sum of the squares of the difference between the expected result and the observed result.
- (e) "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.

(f) "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 will be deemed to own any stock or other interest in a person, whether owned directly, indirectly, or attributed. The term "substantial owner" does 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, MCL 432.206c, for waiver of the eligibility and suitability requirements for licensure under the act and these rules.

(g) "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.

(h) "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.

(i) "Table drop" means the total dollar amount of United States and foreign currency, chips, tickets, markers, or credits contained in the drop box of a live gaming device.

(j) "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.

(k) "Theoretical payout percentage" means the sum of the number of cash equivalents or credits expected to be paid as a result of the jackpots divided by the number of different possible outcomes.

(l) "Ticket" means a representation of value stated on a coded paper instrument that is redeemable for the equivalent value in cash only at the issuing casino and is issued by a casino licensee for use in gaming.

(m) "Tilt condition" means a programmed error state for an EGD that occurs when the EGD detects an internal error malfunction or attempted cheating. The EGD ceases

processing further input, output, or display information other than that indicating the tilt condition itself.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 EGDs that is approved by the board and is linked as part of a network connecting one or more casinos licensed by the board and that has an aggregate prize or prizes.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 the manner and form prescribed by the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 instruments of monetary value for any other person, except that a person

may redeem chips or instruments of monetary value in the course of his or her employment with a casino licensee.

History: 1998-2000 AACS; 2019 MR 9, Eff. May 17, 2019.

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 any of the following:

(a) State, county, city, township, or village law enforcement officers, as that term is defined in section 2(f) of the Michigan commission on law enforcement standards act, 1965 PA 203, MCL 28.602.

(b) Federal law enforcement officers, as that term is defined in 5 USC 8331.

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

(d) Retired police officers, law enforcement officers, or federal law enforcement officers who hold a license to carry a concealed pistol under 1927 PA 372, MCL 28.421 to 28.435, as referenced in section 5o(5)(a) of 1927 PA 372, MCL 28.425o.

(e) Retired law enforcement officers who are certified to carry a concealed firearm under the Michigan retired law enforcement officer's firearm carry act, 2008 PA 537, MCL 28.511 to 28.527.

(f) Casino security personnel licensed to carry a concealed pistol under 1927 PA 372, MCL 28.421 to 28.435, while on duty and only as permitted by the casino licensee.

(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; 2019 MR 9, Eff. May 17, 2019.

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.
- (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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1215 Contracts; purchasing system.

Rule 215. The casino licensee or casino license applicant shall maintain all of its contracts 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 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1216 Contract requirements.

Rule 216. (1) 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.

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

(3) 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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1221 Mandatory contract notification.

Rule 221. (1) A casino licensee or casino license applicant 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 shall be on forms prescribed by the board and shall contain, at a minimum, the information in R 432.1220.

(2) 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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

Rule 224. (1) A casino licensee or casino license applicant must provide to the board and to the Michigan state police personnel assigned to assist the board an immediate oral report, followed by a written report, of suspected criminal activity occurring in or related to the casino or casino enterprise at the time the casino licensee or casino license applicant becomes aware of the activity.

(2) A casino licensee or casino license applicant must notify the board and Michigan state police personnel assigned to assist the board immediately after management of its security or surveillance department receives a request for assistance from law enforcement officers conducting business in a casino enterprise.

(3) A supplier licensee must provide to the board a written report of suspected criminal activity related to the supplier licensee's operations at the time the supplier licensee becomes aware of the activity.

(4) 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 of casino licensee or supplier licensee.

(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 this state 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 this state 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 31 USC 5311 to 9705, 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 must provide the board and Michigan state police personnel assigned to assist the board with a copy of the compliance review report or its equivalent within 10 days of the receipt of the report.

(i) A violation of applicable city ordinances or of an agreement with a governmental authority in this state.

(j) 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.

(5) A suspicious activity report or a currency transaction report, or both, must be filed with the board and Michigan state police personnel assigned to assist the board at the time the reports are filed with the federal government.

History: 1998-2000 AACS ; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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 a holder of a certificate of suitability 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, supplier licensee, or a person with an exemption from the supplier-licensing requirements 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1303 Fees, fines, charges, and assessments.

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

(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: \$2,500.00.
- (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. 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. Unless otherwise determined by the board, a license or certificate of suitability may not be issued until payment of the additional assessed charge for completion of the background investigation is received by the board.

(4) A licensee may also be assessed the board's direct investigative costs arising from a background investigation for renewal of a license to the extent such costs exceed the application fees. The board may deny a renewal application if the licensee does not pay the assessed costs by a date set by the board.

(5) 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; 2019 MR 9, Eff. May 17, 2019.

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

Rule 304. (1) The board shall not issue or renew a casino license or supplier license unless 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, has 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 greater than 1% 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; 2019 MR 9, Eff. May 17, 2019.

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. .

(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, MCL 432.204a, 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 4c(5) of the act, MCL 432.204c.

(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 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. 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 has provided 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 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 is 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 of withdrawal 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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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, MCL 432.206.

(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 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, 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 casino 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 this state 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 is 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, 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 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 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 critical computerized systems.

(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 8a of the act, MCL 432.208a, and these rules.

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

(h) Obtain and install all necessary EGDs 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

R 432.1312 Casino license renewal.

Rule 312. (1) A casino license may be issued for a 1-year period and may be renewed annually.

(2) A casino licensee intending to renew its license must, at least 30 days before expiration of its license, submit the \$25,000.00 annual license renewal fee and annual report in the manner and form required by the board.

(3) After the background investigation is completed, the executive director must provide the board with a written report concerning the investigation. After receiving the executive director's report, the board shall take action on the renewal application.

(4) If the board denies the application for renewal, it will direct the executive director to issue the licensee a notice of nonrenewal.

(5) A casino licensee who is served with a notice of nonrenewal under this rule may request a hearing under part 7 of these rules.

(6) Unless specifically stated to the contrary, the notice of nonrenewal does 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.

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

(8) If the licensee files an annual renewal report and pays the annual license renewal fee in a timely manner and in the manner and form prescribed by the board, then the licensee's previous existing casino license does not expire until the board issues its final decision and order on the request for renewal.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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) Greater 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 or 13G, or form 13F under the securities exchange act of 1934, 15 USC 78a to 78qq, 17 CFR 240.13d-101 to -102, and 240.13f-1, as amended, it must submit a copy of the filing to the board within 14 days after receipt or filing.

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

History: 1998-2000 AACS; 2019 MR 9, Eff. May 17, 2019.

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 that are directly related to gambling, that are directly related to the conduct of gambling activity, or that 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 1 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 this state.

(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) EGDs.

(ii) Cards.

(iii) Dice.

(iv) Gaming chips.

(v) Gaming plaques.

(vi) Dealing shoes.

- (vii) Drop boxes.
- (viii) Computerized gaming monitoring systems.
- (ix) Cashless wagering systems.
- (x) Credit voucher machines.
- (xi) Other gaming equipment or supplies.
- (b) A provider of casino surveillance and security systems and services.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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

Rule 322. (1) Unless exempted from this requirement, a person must 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 includes, without limitation, a person who provides any of the following goods or services to a casino licensee, casino license applicant, or holder of a certificate of suitability on a regular and continuing basis:

- (a) Alcoholic beverages, food, or nonalcoholic beverages, gaming table layouts, and nonvalue gaming chip sorters.
- (b) Garbage handling and pickup, vending machines, linen supplies, laundry services, landscaping, janitorial, or building maintenance services.
- (c) Management and operation of casino enterprises, or junket enterprises.
- (d) Limousine services.
- (e) Real estate, building, or construction services.
- (f) Junket representatives.

(3) A person is deemed to be transacting business with and providing nongaming-related goods or services to a casino licensee or holder of a certificate of suitability on a regular and continuing basis if the total dollar amount of the person's nongaming-related business transactions with any 1 casino licensee or holder of a certificate of suitability will be equal to or greater than \$400,000.00, or an amount to be set by the board not to exceed \$2,000,000.00, within any rolling 12-month period. The person must monitor its total dollar amount of business with casino licensees and holders of a certificate of suitability. If it reaches the monetary threshold, then the person must immediately either apply for a supplier's license or cease doing business with casino licensees and holders of a certificate of suitability. If a person does not comply with this subrule's provisions, then the casino licensees and holders of a certificate of suitability, must immediately terminate their business relationships with the person.

(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 this state.

(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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 or a person exempted from the supplier-licensing requirements.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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.

(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, MCL 432.204a, 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 4c(5) of the act, MCL 432.204c.

(e) The board shall conduct an appropriate background investigation on each applicant and use the information provided in the prescribed application and disclosure form as a basis for its investigation 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 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 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) Greater 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 is 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 of withdrawal unless the board grants leave to reapply on 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.

(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 a casino licensee, casino license applicant, or holder of a certificate of suitability upon receiving a supplier's license.

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 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 a certificate of suitability with goods and services subject to compliance with the act and these rules until a supplier license is issued by the board pursuant to the applicant's application, the supplier-license application is withdrawn, or the temporary license expires, is suspended, or is revoked.

(4) If the supplier temporary license expires, or is suspended or revoked, then the executive director shall forward the applicant's application for a supplier license to the board at the conclusion of the background investigation for action on the application.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 7a of the act, MCL 432.207a, 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 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1327 Supplier-license application; board action.

Rule 327. (1) After the background investigation is completed, the executive director must provide the board with a written report concerning the investigation. After receiving the executive director's report, the board will take action on the application.

(2) 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.

(3) If the board denies the application, then it shall direct the executive director to issue the applicant a notice of denial. When the board denies an application for a supplier license, the temporary supplier license expires and the applicant is prohibited from conducting business transactions with and providing goods or services to casino licensees, casino license applicants, and holders of certificates of suitability.

(4) A notice of denial is a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

R 432.1330 Supplier license renewal.

Rule 330. (1) A supplier license may be issued for a 1-year period and may be renewed annually.

(2) A supplier licensee intending to renew its license must, at least 30 days before expiration of its license, submit the \$5,000.00 annual license renewal fee and annual report in the manner and form required by the board.

(3) After the background investigation is completed, the executive director must provide the board with a written report concerning the investigation. After receiving the executive director's report, the board must take action on the renewal application.

(4) If the board denies the application for renewal, it must direct the executive director to issue the licensee a notice of nonrenewal.

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

(6) The notice of nonrenewal is a finding 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.

(7) If the licensee files an annual renewal report and pays the annual license renewal fee 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.

(8) A notice of renewal or notice of nonrenewal issued by the board must be served on the licensee.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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

Rule 331. (1) Each casino licensee, supplier licensee, and person with an exemption from the supplier-licensing requirements must ensure that an individual it employs 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 licensed under the act holds an occupational license of the level required for the individual's position before the individual performs any of the duties of his or her position. To the same extent required for its own employees, each casino licensee must also ensure that employees of supplier licensees and persons with an exemption from the supplier-licensing requirements comply with the occupational-licensing requirements.

(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 permitted for the level of occupational license the licensee holds and any work duties or activities permitted for any lower level of occupational license.

(5) The board may 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 or a person with an exemption from the supplier-licensing requirements 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 a 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.

(7) Despite job title designation, the board may determine occupational licensing level based on the employee's authority to develop or administer policy or long-range plans or to make discretionary decisions regulating gambling operations or management of a casino enterprise. This determination will be based in part on the employer's organizational chart and job descriptions throughout its chain of command.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1332 Occupational license, level 1.

Rule 332. An individual who will be employed by a casino licensee, supplier licensee, or person with an exemption from the supplier-licensing requirements in a position that includes any of the following responsibilities or authority, regardless of job title, must 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 validators.
- (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 a 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1333 Occupational license, level 2.

Rule 333. An individual who will be employed by a casino licensee, supplier licensee, or person with an exemption from the supplier-licensing requirements and

whose employment duties 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 must hold, before employment, a current and valid level 2 occupational license, unless required to hold a level 1 occupational license 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 validators.

(i) Assists in the operation of slot machines and bill validators, 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 complimentary based on actual patron play, authorizes complimentary, or determines the amount of the complimentary.

(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, 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 hold an occupational license.

(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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1334 Occupational license, level 3.

Rule 334. An individual who will be employed by a casino licensee, supplier licensee, or person with an exemption from the supplier-licensing requirements, 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 must hold, before employment, a current and valid level 3 occupational license, including, without limitation, a person who is or does either of the following:

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

(b) An employee of a casino licensee, supplier licensee, or a person with an exemption from the supplier-licensing requirements, 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1336 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1337 Occupational-licensing procedures.

Rule 337. (1) An applicant for an occupational license must complete an application in the manner and form prescribed by the board and submit it together with the required application fee and a written statement from an applicant for or holder of a casino or supplier license or person with an exemption from the supplier-licensing requirements indicating that it has employed or will employ the applicant if the applicant is licensed.

(2) After the board has received the completed occupational-license application, appropriate application fee, and written statement, 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 until the occupational-license application is withdrawn or denied or the temporary license is suspended or revoked or the license is issued by the board.

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

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

(6) A person must pay a fee of \$10.00 to the board for any replacement of a temporary license.

(7) A temporary license 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 a temporary occupational license is suspended or revoked, then the applicant shall not continue performing duties requiring that license.

(9) If an applicant's temporary level 1 or level 2 license is suspended or revoked, then the executive director shall, at the conclusion of the background investigation, forward the applicant's application and written report to the board for action. The report must state the reasons for the recommendation for board action on the application.

(10) 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.

(11) 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.

(12) 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.

(13) An applicant shall also be in substantial compliance with all local, state, and federal laws, have good moral character, reputation, and integrity, and comply with any other licensing standards 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1338 Board or executive director action on occupational-license applications.

Rule 338. (1) After the completion of the background investigation of a level 1 or 2 occupational-license application, the executive director must report to the board, in writing, regarding the staff's background investigation of the level 1 or 2 occupational license applicant. After receiving the executive director's report, the board may take action on the level 1 or 2 application.

(2) After completion of the background investigation of a level 3 occupational-license application, the executive director may take action on the level 3 application.

(3) If an occupational-license application is granted, the executive director will issue the license upon the payment of the licensing fee.

(4) If the applicant's licensing fee is not received within 30 days after notification of his or her suitability for licensure, then the executive director will serve the applicant a notice of denial.

(5) If the board denies a level 1 or 2 occupational license application, then it will direct the executive director to issue the applicant a notice of denial.

(6) If the executive director denies a level 3 occupational license application, the executive director must issue the applicant a notice of denial.

(7) A notice of denial is a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed.

(8) If an application for an occupational license is denied, a temporary occupational license previously issued to the applicant expires, and the applicant is prohibited from performing duties requiring that license.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1339 Requirements for occupational license.

Rule 339. (1) Upon granting the application for an occupational license and payment of the appropriate licensing fee, the executive director will issue an occupational license for the applicant.

(2) The casino licensee, supplier licensee, or person with an exemption from the supplier-licensing requirements will initially receive the occupational licenses for the respective occupational licensees it employs. Each occupational licensee must obtain his or her occupational license from his or her employer.

(3) The occupational license remains the property of the board at all times. The occupational license may be revoked, suspended, or restricted by the board. The board may refuse to renew the license when it is reviewed under these rules.

(4) The occupational license is not transferable to another person.

(5) An occupational licensee must wear and clearly display the license during work hours.

(6) A licensee must pay a fee of \$10.00 to the board for any replacement of an occupational license.

(7) If an occupational licensee becomes employed by a different casino licensee, then the occupational licensee must request a replacement license from the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 the application was denied.

(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; 2019 MR 9, Eff. May 17, 2019.

R 432.1341 Biennial renewal of occupational licenses.

Rule 341. (1) An occupational license may be renewed biennially.

(2) An occupational licensee intending to renew his or her license may pay the licensing fee and request renewal of the license, in the manner and on a form prescribed by the board, not less than 30 days before the expiration of the occupational license.

(3) After the background investigation is completed, the executive director must either decide the renewal application or submit the results of the background investigation to the board for decision.

(4) If the renewal application is granted, then the executive director will issue a new license to the applicant.

(5) If the renewal application is denied, then the executive director will issue a notice of denial to the applicant.

6) A notice of denial is a finding that the 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.

(7) If the licensee files a renewal request and pays the licensing fee in a timely manner and in the manner and form prescribed by the board, then the licensee's existing occupational license does not expire until a decision on the application for renewal is made. If renewal is denied or the new license is restricted or limited, then the existing occupational license does not expire until the last day to apply for judicial review or a later date fixed by order of the reviewing court.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS; 2008 AACCS.

R 432.1402 Public offerings.

Rule 402. A person applying for or holding a casino license in this state, or a person that has or upon board approval will have greater than a 5% ownership interest in a

person applying for or holding a casino license in this state 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 14 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 14 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 greater 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 greater 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 this state.

(ii) To acquire any direct or indirect ownership interest in a casino or casino enterprise located in this state.

(iii) To finance the operation of a casino or casino enterprise in this state 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 AACCS; 2008 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS; 2008 AACCS.

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 AACCS; 2008 AACCS.

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 14 days after distributing to its security holders a proxy statement or information statement pursuant to either Regulation 14A or 14C adopted under section 14 of the securities exchange act of 1934, 15 USC 78n, 17 CFR 240.14a-1 to 240.14b-2 and 240.14c-1 to 240.14c-101, as amended, submit the proxy statement or information statement to the board.

History: 1998-2000 AACCS; 2008 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 14 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 17 CFR 240.14f-1, as amended.

(2) If a publicly traded corporation or other person that applies for or holds a casino license receives 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 14 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 14 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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. Except as stated in subrules (3) and (5) of this rule, the following persons must receive board approval before transferring the interest:

(a) A person that transfers or acquires greater than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or supplier license in this state.

(b) A person that will, as a result of an acquisition approved by the board, have acquired an interest totaling greater than 5% of a publicly traded corporation that has applied for or holds a casino license or supplier license.

(c) A person that transfers or acquires greater 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 this state.

(d) A person who will, as a result of an acquisition approved by the board, have acquired an interest totaling greater than 1% in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in this state.

(2) Before or when the board approves a transfer of interest, it must determine that the person acquiring the interest is eligible and suitable under the standards set forth in the act and these rules, unless the board grants the person an institutional-investor waiver under these rules or under section 6c of the act, MCL 432.206c.

(3) A transfer of interest to an institutional investor that acquires or will have acquired, upon completion of the transfer, less than 15% of the equity securities of a person that applies for or holds a casino license or supplier license may occur without first receiving board approval but is subject to other requirements of this part.

(4) The organizational documents of all persons who have applied for or hold a casino license or supplier license must contain a provision stating that transfers of ownership interests in the applicant or licensee may only be made in accordance with this rule.

(5) A transfer of interest in a supplier licensee may occur without first receiving board approval if the transfer is between persons the board has found eligible, qualified, and suitable for licensure during the licensing period in which the transfer occurs. In those cases, approval of the transfer must be requested no later than 30 days after the transfer, and the executive director may decide the application. If approval is denied, the transferee must divest itself of the interest within 30 days after the date of the order denying approval.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 Waiver for institutional investors.

Rule 504. (1) An institutional investor who acquires beneficial ownership of a person that has applied for or holds a casino license or supplier license shall notify the board within 14 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.

(2) An institutional investor who acquires and holds a less than 15% interest in a person that has applied for or holds a casino license or supplier license in this state may apply to the board for a waiver of the eligibility and suitability requirements of the act. The licensee in whom the institutional investor acquires the interest must file an application for approval of the transfer within 30 days after the transfer. Within the same time period, the institutional investor must file either an application for a waiver or application and disclosure forms for qualification as part of the relevant licensee's license.

(3) 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 this state 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 greater 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 greater 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 USC 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) The board may require that any person, including an institutional investor, seeking approval to hold ownership interests 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. If the board denies a request for an institutional investor waiver, the institutional investor must, within 30 days, either divest itself of the interest or file application and disclosure forms for qualification as part of the relevant licensee's license.

(5) The following activities are deemed to be consistent with holding equity securities for investment purposes only under 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 of 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.

(6) A person created under the laws of a foreign country who acquires an interest of greater than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license or greater 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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1506 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1508 Debt acquisition generally.

Rule 508. (1) A person that has applied for or holds a casino license in this state, or a holding company or affiliate that has control of a person that has applied for or holds a casino license in this state, 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 this state, or another person that has control of a person that has applied for or holds a casino license in this state, shall stamp or otherwise mark 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1509 Debt transactions requiring board approval; process.

Rule 509. (1) A person that holds a casino license in this state, or a holding company or affiliate that has control of a person that holds a casino license in this state, may not close on 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 this state 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 this state.

(2) A person that holds a casino license in this state, or a holding company or affiliate of a person that holds a casino license in this state, 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.

(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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 of the debt transaction may not close on the debt transaction.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

PART 7. DENIAL AND EXCLUSION HEARINGS

R 432.1701 Hearings generally.

Rule 701. (1) Unless a hearing under section 6(7) of the act, MCL 432.206, is available, 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 must submit an original of any hearing request, pleading, or other written document to the board's principal location and must serve each party or attorney of record and provide a proof of service on each party or attorney of record.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1702 Request for hearing.

Rule 702. (1) A request for hearing must 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.

(d) Be signed, verified, and dated. A petitioner must have the verification notarized and 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 request for hearing must be submitted within 21 days after service of the notice of denial, notice of nonrenewal, exclusion, or disapproval. A request for a hearing submitted by certified mail or overnight express mail will be deemed submitted in a timely manner if it is postmarked not later than 21 days after service of a notice of denial, notice of nonrenewal, exclusion, or disapproval.

(3) A request for a hearing is deemed granted unless denied.

(4) Once a request for a hearing is granted, the executive director will assign a title and case number to the matter.

(5) A request for a hearing may be withdrawn by the petitioner. If the request for hearing is withdrawn, then the initial denial, nonrenewal, placement on the exclusion list, or disapproval becomes a final board order.

(6) Unless the board denies a request for hearing, the board will submit the request for hearing to the appropriate state agency, and a hearing will be conducted in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(7) Default judgment or dismissal may result at any stage of the proceeding.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1704 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 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 1 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1707 Continuance.

Rule 707. (1) A motion to continue a hearing shall be made not less than 10 days before the hearing 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 Recording proceedings; transmittal of record and recommendation to board.

Rule 712. (1) Oral proceedings involving contested issues must be recorded to ensure the preservation of the testimony. A party may request a transcript of the proceedings. The requesting party must pay for the transcript.

(2) Unless otherwise specified by the board, the hearing officer, within 60 days of the conclusion of the hearing, or the submission of post-hearing briefs or proposed

findings of fact, will issue, to the board and to the parties, written findings of fact, conclusions of law, and recommendations. Findings of fact must be based exclusively on testimony, evidence, and matters within the record. The findings of fact must be stated separately.

(3) Unless otherwise agreed to by the parties or as set by the hearing officer, the parties shall have 21 days from the service of the findings of fact, conclusions of law, and recommendations of the hearing officer to file objections.

(4) Unless otherwise agreed to by the parties or as set by the hearing officer, the parties may file a response to the objections within 21 days from service of the objections.

(5) After the time period for the parties to file objections and responses to those objections, the hearing officer must transmit the entire record to the board.

(6) Before issuing a final order, the board shall consider the record as a whole.

(7) After considering the record, the board may take any of the following actions:

(a) Affirm the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer as its final board order.

(b) Issue a final order modifying the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.

(c) Issue a final order rejecting the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.

(d) Issue an order remanding the matter, with instructions, to the hearing officer for further proceedings.

(8) The board must serve copies of its orders on the parties.

(9) A board order becomes effective upon service.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1713 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1715 Declaratory ruling; notice of issuance; request for information or arguments; hearing.

Rule 715. (1) Within 90 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) Decline to issue a declaratory ruling.

History: 2008 AACS; 2019 MR 9, Eff. May 17, 2019.

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 a casino licensee may accept. This rule does not preclude a casino licensee from limiting a patron's wager for reasons deemed necessary or appropriate by the casino licensee.

History: 1998-2000 AACS; 2019 MR 9, Eff. May 17, 2019.

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 EGD 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 must submit to the board material changes in a casino floor plan in the manner and form prescribed by the board before implementing the change.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

R 432.1811 Live gaming device table requirements.

Rule 811. (1) 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, tickets, 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 live gaming device table at which the dealer is located or at another location approved by the board.

(vi) The box has the live gaming device table number to which the drop box is attached printed 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) Be a transparent container.

(ii) Be capable of being locked.

(iii) 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) Be attached to 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" clearly printed on the boxes.

(2) Nothing in these rules prohibits using electronic progressive or bonusing equipment in conjunction with play on a live gaming device.

(3) Nothing in these rules prohibits using electronic equipment to monitor or assist in the conduct of a live game.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

Rule 432.1812 Live gaming inventory; placement of live gaming device.

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.

(4) Unless otherwise authorized by the board, a live gaming device may be installed only in a licensed casino.

History: 1998-2000 AACCS; 2008 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 new card decks must arrive at the casino wrapped in cellophane, shrink wrap packaging, or with a tamper-resistant security seal.

(l) The manufacturer's identification name shall be placed on each box, unless the box contains card decks for use in poker.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1817 Inspection of cards.

Rule 817. When playing cards are received for play at a live gaming device, the occupational licensee receiving the playing cards must do the following:

(a) Inspect the cards for crimps, bends, cuts, shaving, or any other defect that could affect the integrity or fairness of the game.

(b) Verify that the deck is complete, either manually or by using associated equipment.

(c) Reject the deck if it is incomplete or if any of the cards have any defect that could affect the integrity or fairness of the game, such as the defects listed in subdivision (a) of this rule.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1819 Casino gaming wagering; cashless wagering system required.

Rule 819. (1) A casino licensee must use a cashless wagering system in its gambling operation. The system must convert a player's money to chips, tickets, electronic cards, or electronic credits as approved by the board.

(2) Casino gaming wagers may be made only with board-approved chips, tickets, coupons, electronic cards, or electronic credits. The chips, tickets, coupons, electronic cards, and electronic credits may only be used and redeemed at the issuing casino or as approved by the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1820 Reportable transactions.

Rule 820. A casino licensee must 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1821 Submission of chips for review and approval.

Rule 821. (1) A casino licensee shall submit to the board 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 unless approved by the board.

(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 that shows 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 as they will appear, both as to size and location, on the actual chip. Once the design schematic is approved by the board, a sample of each value or nonvalue chip must be sent to the board by the casino licensee.

(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 this state any value or nonvalue chips that have the same edge or center design as chips approved for use in this state.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 25 cents, 50 cents, \$1.00, \$2.50, \$5.00, \$20.00, \$25.00, \$100.00, \$500.00, \$1,000.00, \$5,000.00, and \$25,000.00. 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) 25 cents "Peach."
- (ii) 50 cents "Mustard yellow."
- (iii) \$1.00 "White."
- (iv) \$2.50 "Pink."
- (v) \$5.00 "Red."
- (vi) \$20.00 "Yellow."
- (vii) \$25.00 "Green."
- (viii) \$100.00 "Black."
- (ix) \$500.00 "Purple."
- (x) \$1,000.00 "Fire orange."
- (xi) \$5,000.00 "Gray."
- (xii) \$ 25,000.00 "Watermelon."

(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 may 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, a casino licensee must 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 greater than \$5.00.

(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 value 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 value 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; 2019 MR 9, Eff. May 17, 2019.

R 432.1824 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1825 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1826 Exchange of chips.

Rule 826. (1) A casino licensee may issue chips only upon a patron's request and a casino licensee may not give chips as change in any other transaction. Unless otherwise permitted by the board, in writing, a casino licensee shall issue chips only to casino patrons at cashier's cages or at the live gaming devices and may redeem chips only in the casino at board-approved locations.

(2) Unless approved by the board, in writing, a casino licensee may redeem chips only from its patrons and may not knowingly redeem chips from any nonpatron source, except as follows:

(a) If employees of the casino present chips for redemption in the casino.

(b) If another casino licensee presents chips for redemption that have been lawfully received by the casino licensee.

(c) Subject to the approval of the board, if a person who is licensed to conduct gaming in another jurisdiction presents chips for redemption that have been lawfully received by the person.

(3) A casino licensee must promptly redeem its own chips 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 were obtained or used unlawfully.

(4) A casino licensee may demand the redemption of its chips from any individual in possession of them. If demanded by a casino licensee, an individual must redeem the

chips and receive from the casino licensee the equivalent amount in cash or check dated the day of the redemption.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 a manager or an individual 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 monthly 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 casino 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 biennially if the inventory procedures incorporate the sealing of the locked compartment.

(3) During nongaming hours, a casino licensee shall ensure that all chips in the possession of the casino are stored in the chip bank, in the vault, in a locked compartment in a cashier's cage, or in another secured area. However, chips may be locked in a transparent compartment on the live gaming device if there is adequate security as approved by the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1829 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1830 Destruction of chips.

Rule 830. 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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1831 Destruction of counterfeit chips and disposal of coins.

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:

(a) A casino licensee shall notify the board in writing, immediately upon the discovery of a counterfeit chip or chips 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.

(c) The board shall determine the disposition of any counterfeit chip, including, but not limited to, destruction of a counterfeit chip, in accordance with these rules.

(3) All of the following provisions apply to the destruction of counterfeit chips and disposal of coins:

(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 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 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 destroyed or otherwise disposed of under this rule.

(ii) The date on which the coins and counterfeit chips 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 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 is 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1832 Complimentary chip distribution programs.

Rule 832. A casino licensee may, for specified marketing purposes, provide patrons with coupons that are redeemable for complimentary chips if both of the following requirements are satisfied:

(a) The processes and procedures for the control, accountability, and distribution of coupons for chips 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) The casino licensee's periodic internal audits validate the integrity and accountability of the processes and procedures authorized and required under these rules.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1833 Submission of internal controls for complimentary chip distribution program.

Rule 833. (1) The submission of the internal control procedures concerning a complimentary chip distribution program shall be conducted as follows:

(a) A casino licensee shall submit internal control procedures to the board not less than 30 days before the proposed initiation of the program. The internal control procedures shall include, at a minimum, all of the following information:

(i) The casino departments that will be responsible for administering the complimentary chip distribution program.

(ii) The security measures that will be taken with respect to the coupons, including, but not limited to, all of the following information:

(A) The manner in which the coupons will be ordered.

(B) The manner in which the coupons will be inventoried upon receipt by the casino licensee.

(C) The manner in which the coupons will be stored and the individuals who will have access to the coupons.

(D) The manner in which discrepancies will be handled.

(E) The manner in which coupons will be voided.

(iii) The casino department or departments that will be responsible for administering the coupon distribution program.

(iv) The manner in which the coupons will be distributed.

(v) 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.

(vi) The manner in which coupons will be removed from the inventory, recorded, and voided once the coupons become inactive.

(vii) The manner in which the casino department responsible for distributing the coupons can requisition coupons from the casino department responsible for storing the coupons.

(viii) 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:

(A) The date the requisition is prepared.

(B) The day and date for which the coupons are needed.

(C) The type or types of coupons that are requested.

(D) The number of coupons required.

(E) The name, title, and occupational license number of the individual completing the requisition.

(F) The name, title, occupational license number, and signature of the supervisor authorizing the requisition.

(ix) The manner in which the coupons will be issued. The casino licensee shall require that coupons shall be stamped with the date of issuance.

(x) The location of the locked cabinet in which the coupons will be stored before the distribution of the coupons.

(xi) The manner in which coupons may be redeemed for chips by patrons.

(xii) The manner in which coupons redeemed by patrons will be canceled.

(xiii) The manner in which the coupons distributed, coupons not distributed, and coupons issued will be reconciled.

(xiv) The manner in which coupons that have been issued, but not distributed to patrons in the appropriate time frame, will be voided and reconciled.

(xv) The manner in which a dealer or cage employee will receive and account for coupons redeemed by patrons.

(b) The board may, in writing, approve or disapprove 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1834 Amendments to internal control procedures for complimentary chip distribution program.

Rule 834. A casino licensee shall make amendments to the internal control procedures with respect to its complimentary chip distribution program 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 30 days before the proposed utilization of the amended internal control procedure.

(b) The board may, in writing, approve or disapprove 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1835 Coupon 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) 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:

(a) The name, title, occupational license number, and signature of the representative filling the order.

(b) The beginning serial number of the coupons issued.

(c) The ending serial number of coupons issued.

(d) The total number of and type of coupons issued.

(e) The name, title, occupational license number, and signature of the supervisor.

(f) 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 subdivisions (b) to (d) of this subrule in the coupon control ledger.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1836 Coupon requirements.

Rule 836. (1) Coupons utilized in complimentary chip distribution programs 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.1838 Authorization for progressive EGDs.

Rule 838. (1) This rule authorizes the use of progressive EGDs within 1 casino. This rule does not apply to a wide area progressive system.

(2) A casino licensee must provide the board with all of the following information before using progressive EGDs in its casino:

(a) The serial numbers of the EGDs that are common to a single progressive link.

(b) The odds of hitting the progressive amount on each EGD 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 and requested in writing by the executive director or the board to ensure compliance with the act and this part.

(3) All of the following provisions apply to progressive EGDs:

(a) A progressive EGD is an EGD that has a payoff that increases uniformly as the EGD is played.

(b) A progressive EGD jackpot may be won where certain preestablished criteria, which do not have to be a winning combination, are satisfied.

(c) A bonus game where certain circumstances are required to be satisfied before awarding a fixed bonus prize is not a progressive EGD and is not subject to this rule.

(4) A casino licensee must not reduce, eliminate, or transfer the amount on a progressive EGD jackpot meter or a progressive EGD jackpot unless 1 of the following circumstances exist:

(a) A player wins the progressive jackpot.

(b) The casino licensee adjusts the progressive EGD 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 and notifies the board in writing.

(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 30 days.

(d) The casino licensee distributes the incremental amount to another progressive EGD jackpot at the casino in accordance with the casino licensee's board approved internal controls.

(e) The board, for good cause, approves in writing prior to a transfer, a reduction, elimination, distribution, or procedure not otherwise addressed in this rule or the casino licensee's internal controls.

(5) All of the following provisions apply to recording, keeping, and reconciling the progressive EGD 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.

(6) A progressive EGD must either contain or be linked to a progressive display showing the progressive jackpot to all players who are playing a progressive EGD and who may potentially win the progressive jackpot.

(7) Except as otherwise authorized by the board, in writing, when 2 or more progressive EGDs are linked together, each EGD on the link must have the same probability of hitting the combination that will award the progressive jackpot or jackpots.

(8) 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 EGD 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.

(9) Both of the following provisions apply to the jackpot operating mode of the progressive controller:

(a) The progressive controller must send to the progressive EGD the amount that was won. The EGD must update its electronic meters to reflect the winning jackpot amount.

(b) If more than 1 progressive EGD is linked to the progressive controller, then the progressive controller must after the jackpot was won automatically reset to the reset amount and continue normal play. During this time, the progressive meter must display all of the following information:

(i) The identity of the progressive EGD that caused the progressive meter to activate.

(ii) The winning progressive amount.

(iii) The new normal mode amount that is current on the link.

(10) The following provisions apply to the security of the progressive controller:

(a) A progressive controller linking 2 or more progressive EGDs must be housed in a secured compartment in a location stated in the internal controls.

(b) A progressive controller entry authorization log must be maintained and completed by an individual who gains entrance to the controller.

(11) 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.

(12) Both of the following provisions apply to limits on the jackpot of a progressive EGD:

(a) A casino licensee may impose a limit on the jackpot of a progressive EGD if the limit imposed is greater than the possible maximum jackpot payout on the progressive EGD at the time the limit is imposed.

(b) A casino licensee must inform the public of the limits of a progressive EGD. The information must be contained in a prominently displayed notice.

History: 1998-2000 AACCS; 2008 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1839 Board approval of EGDs; EGD specifications and requirements.

Rule 839. (1) An EGD proposed for use in a casino must meet the specifications set forth in these rules or other technical specifications adopted by the board in an order or resolution. Any amendments to these rules changing EGD standards shall not apply to EGDs previously approved by the board unless the board withdraws approval of the previously approved EGD using the process described in these rules.

(2) An EGD must be approved in writing by the board prior to use by the casino licensee.

(3) In the process of evaluating EGDs prior to use in the casino, the board may do all of the following:

(a) Require the applicant or licensee who requests approval of an EGD to submit the EGD to the board for evaluation.

(b) Employ the services of an outside gaming test laboratory to conduct testing.

(c) Charge a fee to the applicant or licensee for the submission, evaluation, and any testing performed.

(4) EGDs submitted to the board for approval must be accompanied by a technically accurate description and explanation of the EGD and its intended use. The information must be submitted in a manner and form prescribed by the board. The applicant or licensee requesting approval must provide any information, equipment, or assistance requested by the board.

(5) The board may require the applicant to deliver 2 working models of the gaming equipment for evaluation. The board may dismantle the EGD and may destroy the electronic components in order to fully evaluate the submission.

(6) Verify and release programs are not required to be submitted for review, unless specified by the board. Verify and release programs include, but are not limited to, the following:

(a) Bill validator firmware.

(b) Printer firmware.

(c) RAM clear programs.

(d) Diagnostic programs.

(7) EGD software submissions must include documentation that individually lists all submitted items, along with corresponding verification signatures that are reported when using the game authentication terminal (GAT) verification program or equivalent.

(8) All of the following provisions apply to calculation sheets:

(a) For each submitted EGD game program, the applicant or licensee requesting approval must supply calculation sheets that determine the theoretical payback percentage, including base game, bonus games or features, free games, double-up

options, progressives, and any other game features included in the payback percentage calculation.

(b) Where different player options such as number of credits, lines bet, or player strategy cause the pay table to vary, a separate calculation for each option is required.

(9) The applicant or licensee must submit the EGD source code and any special tool, computer equipment, compiling program, or other technical assistance necessary to compile the submitted software. The result of the compiled source code shall be identical to that in the storage medium submitted for evaluation. The applicant or licensee must provide the board with a method to compensate for or resolve any differences between the compiled program and the submitted program.

(10) EGD general specifications are as follows:

(a) An EGD must be controlled by a microprocessor.

(b) An EGD must be equipped with a RNG to make the selection process.

(c) An EGD must have a random selection process.

(d) An EGD must be capable of connecting to and communicating with an approved casino critical computerized system. An EGD must be capable of reporting all required electronic digital storage meters as well as all tilt and error conditions to the approved casino critical computerized system.

(e) An EGD that is capable of bidirectional communication with internal or external equipment must use a communication protocol that ensures that erroneous data or signals will not adversely affect the operation of the EGD or any attached equipment.

(f) An EGD must clearly display applicable rules of play and the payout schedule. The rules of play must be displayed on the face or screen of the EGD. If displayed on the face of the machine, the rules must be kept under glass or another transparent substance.

(g) An EGD must display an accurate representation of each game outcome utilizing rotating reels, video monitors, or other type of display mechanism that accurately depicts the outcome of the game.

(h) After selection of the game outcome, the EGD must not make a secondary decision that affects the result shown to the player.

(i) When a bonus game or feature is triggered, auto-initiation of the bonus game or feature by the EGD itself is prohibited except under the following circumstances:

(i) The player is presented with a choice and specifically acknowledges his or her intent to have the EGD auto-initiate the bonus or feature by means of a button press or physical player interaction with the machine.

(ii) The bonus or feature provides only 1 choice to the player, such as “press button to spin wheel.” In this case, the EGD may auto-initiate the bonus or feature after a time out period of at least 2 minutes.

(j) If an EGD has the capability of auto-initiating the bonus or feature, the mechanism by which the auto-initiation is implemented must be explained in the pay table and help screens, if help screens are a feature of the particular game. For non-video devices or devices with the pay table displayed on glass, the auto-initiation mechanism must be explained on the glass.

(k) An EGD that offers progressive awards must have all of the following functionality within the control program itself or an attached progressive controller:

(i) The ability to display, for each progressive level, the total number of progressive wins, the dollar amount of the last progressive win, and the total dollar amount awarded.

(ii) The ability to display, for each progressive level, a chronological win history of not less than 10 progressive win events. The win history events must include, at a minimum, the date and time of the progressive award, the progressive level that was awarded, and the dollar amount of the award.

(iii) The ability to set or override the current progressive amount for all progressive levels.

(l) A player must have the option of cashing out and redeeming any residual credit or cash values. An EGD must not be designed in such a way that requires a player to gamble residual credits or cash equivalent on a double-up or gamble feature.

(m) All EGDs must incorporate the GAT program for verification, or another game level verification program determined equivalent by the board. The verification program must be readily accessible on demand at the EGD itself and not require extensive or overly burdensome use of specialized equipment. The EGD must calculate and return a digital signature (hash code) for all regulated firmware residing on the device. The board shall determine GAT requirements for equipment on an individual basis.

(n) An EGD must be designed in a manner that prohibits the enabling and operation of any pay table, feature, bonus round, or any other aspect of game operation that does not meet the jurisdictional requirements set forth in this rule or other technical standards issued by the board.

(11) All of the following apply to the EGD control program:

(a) Except as otherwise approved by the board in writing, the control program must reside in the EGD and must be contained either:

(i) in a storage medium that is not alterable through use of the circuitry or programming of the EGD itself, or

(ii) on a storage medium that employs a mechanism to prevent any alteration of the control program and all critical files through use of the circuitry or programming of the EGD.

(b) The control program must be impervious to influences from outside the EGD, including, but not limited to, all of the following:

(i) Electromagnetic interference.

(ii) Electrostatic interference.

(iii) Radio frequency interference.

(c) The EGD must use appropriate communication protocols to protect the control program from unwanted influence by equipment that is conducting data communications with the EGD.

(d) EGD control programs must test themselves for possible corruption caused by failure of the program storage media. The test methodology must detect 99.99% of all possible failures. The control program must allow for the EGD to be continually tested during game play. The control program must check for all of the following:

(i) Corruption of RAM locations used for crucial EGD functions.

(ii) All required information relating to the game recall history as outlined in this rule.

(iii) RNG outcome.

(iv) Error states.

(e) Detection of corruption is a game malfunction that must result in a tilt condition that identifies the error and causes the EGD to cease further function.

(f) An EGD control program must routinely perform all of the following self-verification functions:

(i) Employ a verification mechanism that verifies that all program components are authentic copies. The verification method must prevent the execution of any program component if the component is determined to be invalid, and must cause the EGD to cease further function by means of a tilt.

(ii) Employ a mechanism that tests unused or unallocated areas of any alterable media for unintended programs or data and test the structure of the storage media for integrity. The mechanism must cause the EGD to cease operation by means of a tilt if unexpected data or structural inconsistencies are found.

(12) The applicant or licensee must submit the EGD RNG to the board for approval under any of the following circumstances:

(a) The source code of a previously approved RNG has changed or the implementation of the RNG has changed.

(b) The RNG is new or was not previously board approved.

(c) The RNG is being implemented on a new hardware platform with a new microprocessor.

(13) The applicant or licensee must submit the following for all EGD RNG submissions:

(a) The internal RNG test data and analysis detailing the types of tests performed and the results of the testing, certifying compliance with the specifications set forth in this rule or another standard adopted by the board.

(b) Upon request, all hardware and software necessary to collect the random number data. Direct collection of the random number data from the actual submitted EGD is required unless it is not possible. If direct collection from the actual submitted EGD is not possible, an external random data generation method may be used if found acceptable by the board.

(c) Explanation of any differences between the test application and the production application if generating random data with an external test application.

(d) RNG selection parameters, including the number of selections made per game and the range of numbers used.

(e) Description of the RNG, including the type, seeding method, and seeding frequency.

(14) Specifications for RNG data collection or generation are as follows:

(a) Test software must allow the tester to specify the amount and range of random numbers that will be generated.

(b) The test software must output an unsorted ASCII text file of unsigned integers, 1 per line, with no additional characters or leading zeros.

(c) The output file must be able to be extracted to a removable storage device or be sent via a communication port to an external PC.

(15) The following EGD RNG requirement provisions apply to randomness events and randomness testing:

(a) Events in EGDs are occurrences of elements or particular combinations of elements that are available on the particular EGD.

(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) The RNG in an EGD must produce game plays that are random and independent, so that a future game outcome cannot be predicted by a previous game outcome.
- (e) A selection process is considered random if all of the following specifications are met to the 95% confidence level or better:
- (i) The RNG passes the standard chi-squared analysis.
 - (ii) The RNG does not produce a statistic with regard to producing patterns of occurrences (runs analysis or similar pattern testing statistic).
 - (iii) The RNG produces numbers that are independently chosen without regard to any other symbol produced during that play (correlation analysis).
 - (iv) The RNG produces numbers that are chosen without reference to the series of outcomes in the previous game (serial correlation analysis).
- (f) The RNG and random selection process must be impervious to influences from outside the EGD, including, but not limited to, all of the following:
- (i) Electromagnetic interference.
 - (ii) Electrostatic interference.
 - (iii) Radio frequency interference.
- (g) An EGD must use appropriate communication protocols to protect the RNG and random selection process from influence by equipment that is conducting data communications with the EGD.
- (h) The RNG must continue to run in the background at all times, whether or not games are being played on the EGD.
- (i) When determining if an EGD award, pay table win, bonus game, progressive, or other feature will be awarded, an EGD utilizing any of the following restricted selection processes exclusively to make the determination is prohibited:
- (i) Coin based or threshold triggering in which an award has been predetermined to be triggered at a certain point or between 2 points or values and utilizes a pool value, coin in value, threshold value or any other non-random mechanism to determine when the EGD exceeds the predetermined threshold and awards a prize.
 - (ii) Time based triggering in which an award has been predetermined to be triggered at a specific time or between 2 points in time and utilizes a clock, either internal or external, to determine when the EGD awards a prize.
 - (iii) Any other non-RNG based selection processes, other than player skill, both internal and external to the EGD.
- (j) If a restricted selection process is utilized, an approved RNG based selection process must also be utilized simultaneously that is capable of triggering the same award, pay table win, bonus game, progressive award, or other feature on every game play. The trigger probability of the restricted selection process and the RNG selection process must be equivalent.
- (16) An EGD must meet all of the following minimum and maximum theoretical percentage pay out requirements during the lifetime of the EGD:
- (a) The EGD 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 payback percentage must be determined using standard methods of probability theory. The percentage must be calculated using both the highest and lowest level of skill, where player skill impacts the payback percentage.

(c) An EGD must not automatically alter pay tables or any function of the device based on internal computation of the actual hold percentage.

(d) When calculating the minimum theoretical payback percentage of a progressive EGD, only the base or reset amount (the lowest possible amount) of progressive awards can be used. A progressive EGD must meet or exceed the minimum jurisdictional requirement of 80% payback without the addition of progressive incremental rates.

(e) Double-up or gamble options must have a theoretical payback percentage of 100% for that feature.

(f) A skill based bonus game or feature utilizing a player's physical skill, dexterity, or knowledge to determine or influence an EGD award must include calculations for the lowest and highest level of skill possible.

(g) An extended play collection (trophy) feature is one where a given award is not attainable on a single game play and a player must collect items or "trophies" over a series of games before winning an award or participating in a bonus round or feature. These features are allowed but, when calculating minimum theoretical payback for an EGD utilizing a collection or trophy feature, contributions from the collection or trophy feature cannot be used to achieve the minimum jurisdictional requirement of 80% theoretical payback.

(h) EGD programs designed for tournament or promotional use may have a theoretical payback percentage that exceeds 100%.

(i) An EGD may have multiple percentage settings if the settings do not violate these rules and if the settings are accessed only by software switches approved by the board.

(j) The probability of obtaining any payout on an EGD must be better than 1 in 50,000,000.

(k) Unless otherwise approved by the board in writing and denoted on the pay glass or pay table screen, where the EGD offers a game that is recognizable such as poker, blackjack, roulette, keno, or craps, the same probabilities associated with the live game must be used in the EGD. For example, each side on a die must have a 1 in 6 probability of occurrence.

(17) All of the following provisions apply to an EGD with multigame features:

(a) An EGD that offers a menu of more than 1 game to the player is considered a multigame. A multigame may have various games with configurable payback percentages.

(b) In addition to any other requirements or rules, a multigame may be approved by the board if electronic digital storage meters with at least 10 digits are available upon display for each game offered on the menu. Additionally, a multigame must retain the electronic digital storage meters of any games that are installed on the EGD but are not currently available on the menu. The electronic digital storage meters must include credits wagered and credits won, or equivalent.

(c) If the method of configuring the multigame 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 critical computerized systems.

(18) All of the following provisions apply to electronic digital storage meters in EGDs:

(a) Electronic digital storage meters in EGDs must tally totals to at least 10 digits, be capable of rolling over when the maximum value is reached, and have an accuracy rate of at least 99.99%.

(b) An EGD must be equipped with all of the following electronic digital storage meters:

(i) A “coin-in” meter that accumulates the total value of all wagers, excluding subsequent wagers of intermediate winnings accumulated during game play sequences such as those acquired from “double up” games.

(ii) A “coin-out” meter that accumulates the total value of all amounts directly paid by the machine as a result of winning wagers, whether the payout is made to a credit meter or by any other means. This meter will not record amounts awarded as the result of an external bonusing system or a progressive payout.

(iii) An “attendant paid jackpots” meter that accumulates the total value of credits paid by an attendant resulting from a single winning alignment or combination, the amount of which is not capable of being paid by the machine itself. This does not include progressive amounts or amounts awarded as a result of an external bonusing system. This meter is only to include awards resulting from a specifically identified amount listed in the manufacturer’s par sheet.

(iv) An “attendant paid cancelled credits” meter that accumulates the total value paid by an attendant resulting from a player-initiated cash-out that exceeds the physical or configured capability of the machine to make the proper payout amount.

(v) A “bill in” meter that accumulates the total value of currency accepted. Additionally, the machine must have a specific meter for each denomination of currency accepted that records the number of bills accepted of each denomination.

(vi) A “voucher in” meter that accumulates the total value of all slot machine wagering vouchers accepted by the machine.

(vii) A “voucher out” meter that accumulates the total value of all slot machine wagering vouchers and payout receipts issued by the machine.

(viii) A “wagering account transfer in” or “WAT in” meter that accumulates the total value of cashable credits electronically transferred to the machine from a wagering account by means of an external connection between the machine and a cashless wagering system.

(ix) A “wagering account transfer out” or “WAT out” meter that accumulates the total value of cashable credits electronically transferred from the machine to a wagering account by means of an external connection between the machine and a cashless wagering system.

(x) A “non-cashable electronic promotion in” meter that accumulates the total value of non-cashable credits electronically transferred to the machine from a promotional account by means of an external connection between the machine and a cashless wagering system.

(xi) A “non-cashable electronic promotion out” meter that accumulates the total value of non-cashable credits electronically transferred from the machine to a

promotional account by means of an external connection between the machine and a cashless wagering system.

(xii) A “cashable electronic promotion in” meter that accumulates the total value of cashable credits electronically transferred to the machine from a promotional account by means of an external connection between the machine and a cashless wagering system.

(xiii) A “cashable electronic promotion out” meter that accumulates the total value of cashable credits electronically transferred from the machine to a promotional account by means of an external connection between the machine and a cashless wagering system.

(xiv) A “coupon promotion in” meter that accumulates the total value of all slot machine coupons accepted by the machine.

(xv) A “coupon promotion out” meter that accumulates the total value of all slot machine coupons issued by the machine.

(xvi) A “machine paid external bonus payout” meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by the slot machine.

(xvii) An “attendant paid external bonus payout” meter that accumulates the total value of amounts awarded as a result of an external bonusing system and paid by an attendant.

(xviii) An “attendant paid progressive payout” meter that accumulates the total value of credits paid by an attendant as a result of progressive awards that are not capable of being paid by the machine itself. This meter does not include awards paid as a result of an external bonusing system.

(xix) A “machine paid progressive payout” meter that accumulates the total value of credits paid as a result of progressive awards paid directly by the machine. This meter does not include awards paid as a result of an external bonusing system.

(xx) A “games-played” meter that displays the cumulative number of games played.

(xxi) A “cabinet door” meter that displays the number of times the front cabinet door was opened.

(xxii) A “drop door” meter that displays the number of times the drop door or bill validator door was opened.

(xxiii) Any additional meters necessary to fully reconcile transfers to and from the EGD.

(xxiv) Any additional meters required, in writing, by the board.

(c) An EGD must have electronic digital storage meters that continuously and accurately display to the player all of the following information relating to the current play or monetary transaction:

(i) The number of credits wagered in the current game.

(ii) The number of credits won in the current game, if applicable.

(iii) The number of credits cashed out or a direct pay from a winning combination.

(iv) The number of credits available for wagering, if applicable.

(d) An EGD may not have a mechanism that causes any of the required electronic digital storage meters to clear automatically when an error occurs. The required electronic digital storage meters may be cleared only in a manner approved by the board. Required meter readings, when possible, must be recorded before and after the electronic digital storage meter is cleared.

(e) All electronic digital storage meters must be preserved after a power loss to the EGD and must be maintained for a period of not less than 180 days.

(19) All of the following provisions apply to game recall requirements:

(a) Unless otherwise approved by the board in writing, an EGD must have the capacity to display a complete play history for the current game and the previous 9 games.

The game recall shall reflect at least the last 50 events of completed bonus games. If a bonus game consists of “x number of events,” each with separate outcomes, each of the “x events”, up to 50, shall be displayed with its corresponding outcome, regardless of whether the result was a win or loss.

(b) The EGD game recall must display an indication of all of the following:

(i) The game outcome or representative equivalent.

(ii) The outcome of any bonus round or feature game.

(iii) All bets placed. (iv) Credits won or cashed out.

(v) Any error conditions.

(vi) Any other information deemed necessary by the board to ensure compliance with the act and these rules.

(20) All of the following provisions apply to error conditions and malfunctions:

(a) A description of the EGD error codes and their meanings must be contained inside each EGD only if the error codes are required for troubleshooting tilts or malfunctions.

(b) The following provisions apply to error conditions and automatic clearing. The EGD must be capable of detecting and displaying the error conditions listed below. These error conditions must be automatically cleared by the EGD upon initiation of a new play sequence. The following error conditions apply:

(i) Power reset.

(ii) Door open.

(iii) Inappropriate coin-in, bill-in, or voucher-in if not automatically returned to the player.

(c) The following provisions apply to error conditions and clearing by an attendant. The EGD must be capable of detecting and displaying all of the following error conditions that an attendant may clear:

(i) Printer jam or error.

(ii) RAM error.

(iii) Program error.

(iv) A reel spin error of any type, including an index error condition for rotating reels. The specific reel number must be identified in the error indicator.

(v) Low RAM battery, for batteries external to the RAM itself, or low power source.

(d) Except in the case of total memory failure, and if the machine is still operable, an EGD must be capable of continuing the current play with all the current play features after an EGD error condition or malfunction is cleared.

(21) EGD hardware specifications are as follows:

(a) An EGD must provide the means for on-demand display of the electronic accounting meters utilizing a key switch on the exterior of the EGD.

(b) An EGD is not required to have electromechanical meters installed.

(c) The internal space of an EGD must not be readily accessible when the door is closed.

(d) An on and off power switch that controls the electrical current to operate the EGD must be located in an accessible place within the interior of the EGD.

(e) All of the following must be secured inside a separate internal enclosure inside the EGD that is capable of being locked:

(i) Logic boards.

(ii) Program storage media.

(iii) RAM.

(f) An EGD must have its logic boards, computer chips, and any other devices that store memory secured in a locked enclosure, as described in subdivision (e) of this subrule. The board must be allowed immediate access to the locked area described in subdivision (e) of this subrule. A casino licensee must maintain its keys to EGDs in accordance with the casino licensee's approved internal controls.

(g) A light must be installed on the top of the EGD and must automatically illuminate when the door to the EGD is opened or when equipment that may affect the security or operation of the EGD is exposed, if the equipment is physically attached to the EGD.

(h) A bar-top EGD 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.

(i) An EGD must be Underwriters Laboratories approved or equivalent.

(j) Electrical and mechanical parts and design principles must not subject a player to physical hazards.

(k) Spilling conductive liquid on the EGD must not create a safety hazard or alter the integrity or performance of the EGD.

(l) The power supply used in an EGD must be designed to make minimum leakage of current in the event of an intentional or inadvertent disconnection of the AC power ground.

(m) An EGD power supply filtering must be sufficient to prevent disruption of the EGD by a repeated switching on and off of the AC power.

(n) A surge protector must be installed on each EGD.

(o) An EGD must be capable of maintaining the accuracy of the required electronic meter information and game data after power is discontinued from the EGD.

(p) After a power failure, the EGD must be able to continue a game without loss of data.

(q) A hardware switch may not be installed if it alters the pay tables or payout percentages in the operation of the EGD.

(r) Unless otherwise approved by the board in writing, a hardware switch may only be installed to control any of the following:

(i) Graphic routines.

(ii) Speed of play.

(iii) Sound.

(iv) Other approved cosmetic play features.

(22) If a bill validator is utilized, the bill validator must be approved by the board and must meet the following requirements:

(a) The bill validator must exchange currency, tickets, or vouchers for equal value of EGD credits. If EGD credit is issued, then the player must have the option of taking the entire amount of credits or utilizing any portion of the registered credits to activate the EGD as a wager.

(b) A bill validator must have software programs that enable the acceptor to differentiate between genuine and counterfeit bills to a high degree of accuracy.

(c) A bill validator may be for a single denomination or combination of denominations, including tickets and vouchers.

(d) A bill validator must be equipped with a drop box to collect the currency, tickets, or vouchers inserted into the bill validator. The drop box must comply with all of the following requirements:

(i) The drop box must be housed in a locked compartment separate from any other compartment of the EGD.

(ii) The drop box must be accessible by a key that will access only the bill validator drop box and no other area of the EGD.

(iii) The drop box must have a slot opening through which currency, tickets, or vouchers can be inserted.

(iv) The drop box must be identifiable to the EGD from which it was removed.

(23) Wagering credits available for play must be wagered in the following order:

(a) Non-cashable credits.

(b) Cashable credits given away by a casino licensee.

(c) All other credits.

History: 1998-2000 AACCS; 2008 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1840 EGD tournaments.

Rule 840. (1) EGD tournaments may be conducted by the casino licensee.

(2) All tournament play must be on machines that have been tested and approved in accordance with the rules and for which the tournament feature has been enabled.

(3) All EGDs used in a single tournament must utilize the same electronics and machine settings.

(4) EGDs enabled for tournament play must not accept credits in or pay credits out in any manner. The EGDs must utilize credit points only.

(5) Tournament credits must have no cash value.

(6) Tournament play must 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 must be reasonably related to gaming activity.

(8) All of the following provisions apply to the rules of tournament play:

(a) A casino licensee must 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 must include 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 EGD 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 EGDs 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) A casino licensee must not permit any tournament to be played unless the rules of tournament play have been approved by the board.

(c) Once rules of a tournament have been approved by the board, a casino licensee may offer a tournament utilizing the approved rules at any time. Amendments to approved rules of tournament play must 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. An amendment to the rules of tournament play must not be utilized by the casino licensee until approved by the board.

(d) The rules of tournament play must be provided to all tournament players and members of the public who request a copy of the rules.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1841 Wide area progressive system authorization.

Rule 841. (1) This rule authorizes the use of a wide area progressive system.

(2) Unless otherwise permitted by the board in writing, each machine on the link shall have the same probability of hitting the combination that will award the progressive jackpot. In addition, each machine on a link shall be located on the licensed premises of 1 casino or a machine may be linked among more than 1 casino if the system, hereinafter referred to as multilink for describing such system, is in compliance with all of the following:

(a) The wide area progressive system shall have the ability to monitor entry into the front door of each networked EGD as well as the logic area of each networked EGD and report it to the central system immediately.

(b) All communication packets between each location and the central system shall be encrypted.

(c) A progressive EGD must either contain or be linked to a progressive display showing the wide area progressive jackpot to all players who are playing a progressive EGD and who may potentially win the wide area progressive jackpot.

(d) All progressive meter reading data shall be obtained in real-time in an 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.

(e) A casino licensee utilizing a wide area progressive system shall suspend play on the system if a communication failure in the system cannot be corrected within 24

consecutive hours. 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 restoring the system.

(f) A licensee authorized to provide a wide area progressive system shall keep a log of all events for a period of not less than 60 days.

(g) 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 and the board must be notified prior to inspection. The inspection shall include examining the EPROM or equivalent electronic storage mediums, 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 wagers beginning at the polling cycle immediately following the previous jackpot and will include all wagers up to and including the polling cycle, which includes the jackpot signal. Wagers before the jackpot message is received will be used in calculating the progressive amount before the current jackpot. Wagers subsequent to the jackpot message being received will be used in calculating 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 are 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.

(h) Submission to the board of any wide area progressive system shall occur in the following 2 phases:

(i) The initial phase, wherein the underlying gaming devices and communication hardware are tested and approved or rejected 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.

(i) 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.

(j) A licensee authorized to provide a wide area progressive system shall supply reports in a format approved by the board that support and verify the economic activity on the system.

(k) 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 wagers 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.

(l) 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.

(m) 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 wagered amounts 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.

(n) 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.

(o) 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.

(p) The central monitoring system for the wide area progressive shall be located within this state unless otherwise approved in writing by the board. 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 must, at all times, have the right to immediate access to the office containing the central monitoring system and the system itself.

(q) The licensee authorized to provide the wide area progressive system must 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 2 occupational license from the board.

(r) 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 if requested by the board.

(s) 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.

(t) The licensee who is authorized to provide a wide area progressive system must 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:

(i) The aggregate remaining balances owed on all jackpots previously won by patrons through the wide area progressive system.

(ii) An amount sufficient to fully fund the present value of all amounts currently reflected on the progressive meters of the wide area progressive systems.

(3) A licensee of a wide area progressive system must not reduce, eliminate, or transfer the amount on a wide area progressive EGD jackpot meter or a wide area progressive EGD jackpot unless 1 of the following circumstances exist:

(a) A player wins the wide area progressive jackpot.

(b) The licensee adjusts the wide area progressive EGD jackpot meter to correct a malfunction or to prevent the display of an amount greater than a limit imposed in these rules and the licensee documents the adjustment and the reasons for it and notifies the board in writing.

(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 30 days.

(d) The licensee distributes the amount to another wide area progressive EGD jackpot in accordance with the licensee's board approved internal controls.

(e) The board, for good cause, approves in writing prior to a transfer, a reduction, elimination, distribution, or procedure not otherwise addressed in this rule or the licensee's internal controls.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1842 Associated equipment approval.

Rule 842. (1) Except as otherwise determined by the board in writing, a licensed supplier must not distribute associated equipment to a casino licensee unless the associated equipment has been approved by the board.

(2) A manufacturer or distributor may seek approval of its associated equipment by submitting an application to the board in the manner and form prescribed by the board.

(3) The board may require the manufacturer or distributor of associated equipment to submit the associated equipment to the board or an independent lab utilized by the board for evaluation. The manufacturer or distributor of the associated equipment must provide all information the board requests, including, but not limited to, all of the following:

(a) 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 must be signed under penalty of perjury.

(b) Detailed operating procedures of the associated equipment.

(c) Details of all tests performed on the associated equipment, the conditions and standards under which the tests were performed, the test results, and the identity of the person who conducted each test.

(d) Percentage calculations of the associated equipment.

(4) The board may require transportation of working models of associated equipment for evaluation and inspection. The board or independent lab may dismantle the associated equipment and may destroy the associated equipment in order to fully evaluate it.

(5) The board may require the manufacturer or distributor requesting approval of the associated equipment to provide specialized equipment or the services of an independent technical expert to evaluate the equipment.

(6) The manufacturer or distributor requesting approval of the associated equipment must pay the board for the cost associated with the evaluation and inspection of the associated equipment.

(7) Except where the board has provided written notification that approval is not required, a casino licensee or casino license applicant must install or use only associated equipment that has been approved by the board.

(8) After evaluating the associated equipment submission, the board will advise the manufacturer or distributor, in writing, of the determination.

(9) A casino licensee or casino license applicant must not alter the manner in which associated equipment operates or revise the associated equipment without the prior written approval of the board.

(10) The following provisions apply after the associated equipment has been approved:

(a) The board may require a casino licensee or casino license applicant to discontinue use of the associated equipment for any of the following reasons:

(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.

(v) Any other reason justifying discontinuance, in the board's judgment.

(b) The board will provide written notification to the manufacturer or distributor of the associated equipment and the casino licensee that the associated equipment is no longer approved for use.

(c) A casino licensee or casino license applicant must cease using the associated equipment by the date established by the board unless the board extends the date based on a written request from a casino licensee or casino license applicant received before the date initially established.

(11) All of the following provisions apply to further notification requirements:

(a) The manufacturer or distributor of associated equipment must immediately notify the board, in writing, of any defects or malfunctions that affect the fairness of any game or proper reporting of required accounting meters, or materially affect the integrity of the operation, safety, or play of any associated equipment that has been approved by the board.

(b) If another gaming jurisdiction revokes or otherwise directs discontinuance of associated equipment that has been approved by the board, the manufacturer or distributor of the associated equipment must advise the board in writing of the discontinuance within 21 days of the revocation or direction of discontinuance.

(c) A casino licensee or casino license applicant must immediately notify the board, in writing, of any defects or malfunctions that affect the fairness of any game, or proper reporting of required accounting meters, or materially affect the integrity of the operation, safety, or play of any associated equipment that has been approved by the board and is utilized by the casino licensee or casino license applicant.

(12) The associated equipment manufacturer or distributor must retain all of the following associated equipment records:

(a) All applications for approval of associated equipment submitted to the board and the information included in the submission.

(b) Approvals, denials, and revocations of associated equipment received from any gaming jurisdiction, if the associated equipment has been submitted to the board for approval.

(c) Any alterations or revisions that have been conducted on associated equipment utilized by casino licensees or casino license applicants and the requisite approvals.

(d) Any notification and supporting documentation that indicates material defects or malfunctions of the associated equipment.

(e) Any other records the board deems necessary to ensure compliance with the act and these rules.

(13) A casino licensee or casino license applicant must maintain any records specified in this rule that are in its possession.

(14) All records required by this rule must be maintained by the manufacturer or distributor of the associated equipment, the casino licensee, or the casino license applicant for a minimum period of 5 years.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.1843 Analysis of questioned EGDs.

Rule 843. If a patron questions the operation of an EGD, the questioned EGD must be inspected by a casino licensee representative. If the question is not resolved to the mutual satisfaction of the patron and the casino licensee representative, a board representative must be notified immediately. The EGD may be examined by a board representative. If the board representative deems it necessary, the EGD will be removed from service until the issue is resolved to the satisfaction of the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 to and from gaming tables.

(viii) Procedures for shift changes at gaming tables.

(ix) Procedures for chip purchases.

(x) Procedures for the transportation of EGDs.

(xi) Procedures for hand-paid jackpots.

(xii) Layout and physical characteristics of the cashier's cage.

(xiii) Procedures for accounting controls.

(xiv) Procedures for the exchange of checks submitted by gaming patrons.

(xv) Procedures for credit card and debit card transactions.

(xvi) Procedures for the acceptance, accounting for, and redemption of, patron's cash deposits.

(xvii) Procedures for the control of coupon redemption and other complimentary distribution programs.

(xviii) Procedures for federal cash transactions reporting.

(xix) 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 may, in writing, approve or disapprove the amendment to the internal control procedure in total or in part.

(c) An amendment to internal control procedures must 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.

(e) If the board requests additional information, clarification, or revision of a proposed amendment to an internal control and the casino licensee fails to satisfy the request within 30 days of the request, the board shall consider the proposed amendment withdrawn. If the casino licensee subsequently wants to seek board approval of the proposed amendment, it must resubmit the request.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 14 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 must have the casino surveillance room staffed at all times. (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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11002 Surveillance and board surveillance room specifications.

Rule 1002. (1) A casino must have rooms for recording and monitoring. The room for the exclusive use of the board and its designees 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 must be separate from the casino surveillance room.

(2) Each surveillance room must be in compliance with the following provisions:

(a) Be located out of the general view of patrons.

(b) Have access limited to surveillance room personnel and persons with a legitimate need to enter the area.

(3) Subject to approval by the board, a casino licensee may install surveillance monitors in locations other than the surveillance room.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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, in a temporary holding area, of a person suspected of criminal activity.

(2) A casino licensee shall provide at least 2 temporary holding areas for detainees or arrestees. 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 restraints affixed to benches.

(d) Be audibly and visually recorded and monitored by surveillance when occupied.

(3) Restrictions on the use of temporary holding areas are as follows:

(a) A juvenile detainee shall not be placed in a temporary holding area without notification to Michigan state police personnel assigned to assist the board.

(b) If it becomes necessary to place a juvenile detainee in a temporary holding area, then the juvenile shall be kept out of visual and physical contact of adult detainees at all times.

(c) Male and female detainees (adult or juvenile) shall not be placed in the same temporary holding area.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11004 Secured delivery station specifications.

Rule 1004. (1) A casino licensee must have a secure structure available for armored car cash deliveries and armored car cash pickups.

The structure shall be designated the "secured delivery station" and shall be recorded by surveillance cameras during all hours of operation, with monitoring 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.

(b) Have at least 1 garage stall large enough to accommodate an armored truck and still allow adequate space to comfortably walk around the vehicle.

(c) Have an independently operated garage door that is electronically controlled from the casino surveillance room.

(d) Have a secured room between the secured delivery station and the adjacent area of the casino. The room shall have electronically operated doors that are programmed so that both doors cannot be open at the same time and neither door can open unless the garage door to the secured delivery station is closed and secured.

(e) Have color cameras in compliance with the specifications for surveillance equipment in these rules 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 door to the secured delivery station.
- (iv) Just inside the adjacent area of the casino.

(3) Casino surveillance personnel shall advise the security department of deliveries so the security department can provide a foot escort 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11005 Required surveillance equipment.

Rule 1005. (1) A casino licensee shall install a surveillance system in accordance with these rules.

(2) A casino shall have a sufficient number of monitors in the surveillance rooms to facilitate the adequate protection of 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 assist the board, or both, to monitor employees in the casino surveillance room. The equipment in the board surveillance room shall be capable of recording and monitoring, without being overridden, anything visible by monitor to employees of a casino licensee.

(3) Above each table game there shall be a fixed camera that is in compliance with the requirements for surveillance equipment in these rules and continuously monitors and records.

(4) The board surveillance room shall have a monitoring system that is in compliance with the requirements for surveillance equipment in these rules and that is capable of monitoring employees in the casino surveillance room.

(5) The equipment utilized in the surveillance system shall be in compliance with all of the following requirements:

(a) A camera shall be in compliance with all of the following requirements:

(i) Be installed in a fixed position, and have a matrix control or pan, tilt, and zoom capabilities.

(ii) Be secreted from the public and non-surveillance personnel view and be capable of conducting surveillance in accordance with the coverage requirements described in these rules.

(b) A fixed color camera stationed over table games shall be secreted from the public and non-surveillance personnel view and be capable of conducting surveillance of the players, dealers, and gaming devices of table games in accordance with the coverage requirements described in these rules.

(c) A camera that is utilized for observing chips, dice, playing cards, keno balls, and positions on the roulette wheel shall be capable of capturing the images with sufficient clarity to determine the value of all of the following:

- (i) Chips.
- (ii) Dice.
- (iii) Playing cards.
- (iv) Keno balls.
- (v) Positions on the roulette wheel.

(d) A monitor must display images that conform to the coverage requirements in these rules, be capable of showing the date and time of the recording of those images upon demand, and meet or exceed the resolution requirements for recording.

(e) A recorder shall comply with all of the following requirements:

(i) Have a date and time generator that is synchronized to a central or master clock and capable of including with recorded images the date and time of recording of those images.

(ii) Produce images of a high quality that conform to the coverage requirements in these rules and that include the date and time of recording of those images.

(iii) Record in a board approved format with high speed scanning capability in real time.

(iv) Record what is viewed by any camera in the surveillance system that is attached to such recorder.

(f) There shall be sufficient recorders to allow for the simultaneous recording of the coverage described in these rules, off-line playback, and duplication capabilities.

(g) A printer that is capable of printing recorded images shall be available 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 monitor or that have been recorded.

(h) A date and time generator shall be in compliance with all of the following requirements:

(i) Be synchronized with a central or master clock.

(ii) Be capable of superimposing the date and time of recording on tape or other board approved medium in order for such date and time to be visible on the captured image when it is displayed on a monitor following recording.

(iii) Have a backup power supply so the generator remains accurate despite power interruptions.

(i) Generator equipment shall allow audio capabilities in the count rooms and the temporary holding areas.

(j) 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 battery power source, or any combination thereof, that is capable of automatically engaging in case of a power failure.

(ii) Be capable of returning full power within 7 to 10 seconds after a power failure.

(k) Switchers for all surveillance cameras shall be capable of both manual and automatic sequential switching for the appropriate cameras.

(l) Both of the following shall be in reserve in the event of equipment malfunctions:

(i) A minimum of 2 backup cameras.

(ii) Two recorders.

(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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11006 Required surveillance.

Rule 1006. (1) The surveillance system shall be capable of surveilling activities on the casino floor and related areas, including the patron parking areas and the patron passages leading to and from the casino, 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11007 Surveillance system coverage.

Rule 1007. (1) All of the following areas shall be surveilled in accordance with these rules:

- (a) Live gaming devices.
- (b) Pits.
- (c) EGD areas.
- (d) Areas of the main bank.
- (e) Count rooms.
- (f) Occupied temporary holding area.
- (g) Secured delivery station.
- (h) Garages, pedestrian walkways, and parking lots.

(2) The surveillance system coverage of table games shall be capable of providing an overall view of live table games with sufficient clarity to determine or allow identification 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 surveillance system coverage of table games shall be capable of providing a view of the playing surface of each table with sufficient clarity to determine or allow identification of the following:

- (a) All wagers.
- (b) Card values.
- (c) Game results.
- (d) Chip trays.
- (e) Cash receptacles.
- (f) Tip boxes.

- (g) Dice.
 - (h) Shuffle machines.
 - (i) Card shoes.
 - (4) The roulette tables shall be surveilled with color cameras.
 - (5) The surveillance system coverage of EGDs 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 determine or allow identification of the patron.
 - (c) A view of the EGDs with sufficient clarity to determine or allow identification of the results of the game.
 - (d) An overall view of the areas around the EGD.
 - (e) A view of bill validators with sufficient clarity to determine the bill value and the amount of credit obtained.
 - (6) 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, cards, chips, or dice on the casino floor.
- Upon notification of intended movement of any cash or chips in excess of \$10,000, cards, 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 surveilled for purposes of ensuring that these rules and internal controls are followed.
- (i) Areas where any of the following items are stored shall be surveilled by a dedicated camera capable of continuous recording or motion activation:
- (i) Cash.
 - (ii) Chips.
 - (iii) Cards.
 - (iv) Dice.
- (j) Areas where any of the following items are transported or stored shall be surveilled by a dedicated camera capable of continuous recording or motion activation:
- (i) Chips.
 - (ii) Cash.
 - (iii) Cash equivalents.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11008 Surveillance system requirements.

Rule 1008. (1) The surveillance system shall visually record all of the following:

- (a) Observed criminal activity.
- (b) Arrests or evictions.
- (c) Observed procedural violations by employees.
- (d) Detention of persons.
- (e) Emergency activities capable of being observed by the surveillance system.
- (f) 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) The surveillance system shall audibly and visually record count procedures.

(3) The surveillance department shall observe and visually record all of the following:

- (a) Gaming currency collection.
- (b) Armored car deliveries and pickups in the secured delivery station.
- (c) Main banks, with equipment capable of the following:

(i) Recording and displaying on a screen a general overview of the activities in each cage and vault area with sufficient clarity to allow identification of patrons and employees.

(ii) Providing a dedicated view, with sufficient clarity, to identify the currency, coin, and chip values, and the amounts of credit slips and fill slips in any area where fills and credits are transacted.

(d) Security department offices, through equipment capable of recording and displaying on a screen, 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.

(e) All detention and questioning of detained individuals by casino security personnel.

(f) Entrances and exits of the casino and entrances and exits of all of the following rooms in the casino by dedicated camera coverage providing a reasonable opportunity to identify any person using the entrances and exits to:

- (i) Count rooms.
- (ii) Vaults.
- (iii) Surveillance rooms.
- (iv) Security rooms.

(g) On-site maintenance and repair service, which also requires all of the following:

(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 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, fills, and jams.

(4) The surveillance system shall, by a dedicated camera, continuously record any EGD or group of EGDs that have a possible jackpot payout of more than \$100,000.00 for any single pay line.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11009 Retention of recorded activities.

Rule 1009. (1) A recorded activity (visual or audio) shall be retained and maintained in accordance with these rules and the casino internal controls.

(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 and audio recording of detention or questioning of an individual or employee detained in the security office shall be immediately made available to the board.

(4) A recording of a violation of internal controls or criminal activity shall be immediately made available to the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11010 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11011 Daily surveillance logs; visitors logs.

Rule 1011. (1) A casino licensee shall maintain a daily surveillance log in compliance with all of the following provisions:

(a) Be continuously maintained by surveillance personnel.

(b) Be chronological.

(c) 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) The identity of the surveillance room personnel each time they enter or depart the surveillance room.

(v) The notification of any maintenance or repair of any gaming device or money handling equipment.

(vi) Live table drop box exchanges.

(vii) Material transfers of cash, chips, cards, or dice.

(viii) Any detention or questioning of patrons or employees detained in a temporary holding area.

(ix) The beginning, end, and any interruptions of the count.

(x) An observed violation of these rules or of the licensee's internal control procedures.

(xi) An observed criminal activity.

(xii) A pertinent telephone call.

(xiii) Pertinent radio transmission.

(xiv) Malfunction or repair of surveillance equipment.

(xv) An emergency activity.

(xvi) Surveillance conducted on anyone or any activity that appears unusual, irregular, or illegal or appears to violate the act or these rules.

(xvii) Surveillance conducted at the request of a casino licensee, an employee of the casino licensee, a board employee, or the Michigan state police personnel assigned to assist the board.

(xviii) 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, fills, and jams.

(d) Be retained for not less than 90 days.

(2) A casino licensee shall maintain a log of visitors to the surveillance room in compliance with all of the following provisions:

(a) Identify all visitors.

(b) State the department or agency the visitor represents.

(c) State the reason for access to the room.

(d) Provide the date and time of arrival and departure from the room.

(e) Be retained not less than 90 days.

(3) All surveillance room video and or audio recordings, 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 Michigan state police personnel assigned to assist the board immediately upon demand.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11012 Michigan gaming control board; casino premises office and parking.

Rule 1012. A casino licensee shall provide a secure and segregated room at the casino 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. A casino licensee shall provide parking spaces in a number approved by the board based on the board's needs. The parking spaces must be located in close proximity to the casino for exclusive use of the board.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11013 Surveillance equipment; maintenance and malfunctions.

Rule 1013. (1) The board and the Michigan state police personnel assigned to assist the board 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 casino 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.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11014 Emergency procedures.

Rule 1014. (1) Before a licensee has operated a casino gambling operation for 120 days, and at any time requested by the board, the casino licensee shall submit, to the board, the Michigan state police personnel assigned to assist the board, 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 personnel assigned to assist the board, 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 personnel assigned to assist the board 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 this state's law and ordinances of the city of Detroit shall be followed.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11015 Incident management training required.

Rule 1015. (1) A casino licensee shall require certain licensed casino surveillance and security personnel to undergo annual incident management training approved by the board and developed in cooperation with the Michigan state police, city of Detroit fire department, city of Detroit police department and other emergency response agencies.

(2) The training exercise must be geared to prepare casino surveillance and security personnel in the proper procedures to follow in the event of a fire, robbery, bomb threat, terrorist activity, medical emergency, or other major occurrence. Training must 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 personnel assigned to assist the board and Detroit police department dispatch centers and the Detroit fire department.

(e) Evacuation.

(f) Fire and medical emergencies.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 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) The board shall approve or deny the casino licensee's surveillance plan prior to the casino licensee commencing operations. If the surveillance plan is disapproved, a casino licensee shall not commence operations until the surveillance plan is approved by the board.

(3) A casino licensee must submit alterations to the surveillance plan in the manner and form prescribed by the board before the institution of the alterations.

(4) At any time, the board may require a casino licensee to modify its surveillance plan.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11017 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11018 Communications equipment.

Rule 1018. A casino licensee or holder of a certificate of suitability shall assure that portable telephone or 2-way radio communication equipment, or both, are operable from all areas of the casino or casino enterprise, including, but not limited to, secure or underground areas.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACS.

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 AACSL.

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 AACCS.

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 AACCS.

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) EGD drop.

(ii) EGD win.

(iii) EGD win to EGD drop.

(iv) Theoretical payout percentage of each EGD.

(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 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 CFR 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 day of the following month.

(b) A quarterly report is due on the fifteenth day of the second month following the end of the quarter.

(c) An annual report is due on the fifteenth 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 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 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

R 432.11208 Tips or gratuities.

Rule 1208. (1) Except as prohibited by this rule, a gaming employee may accept a tip or gratuity from any patron.

(2) A gambling operation key 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.

(3) All of the following provisions apply to tips and gratuities given to a dealer:

(a) Except for electronic tips and gratuities, which must be reviewed by management before the end of a gaming day, 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 designated employees 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.

(4) A casino licensee may allow poker room dealers to keep their own tips and gratuities if the following provisions are followed:

(a) Poker room dealers must deposit their tips or gratuities in their transparent locked tip box and all tips or gratuities must be converted to value chips before being deposited.

(b) Each transparent locked tip box must be secured on a poker game table at the start of the poker dealer's shift, taken off during his or her breaks, and finally removed at the end of his or her shift. When leaving for a break, the poker dealer must remove his or her box from the table, and a new dealer must secure his or her box on the table.

(c) All poker dealers must cash out their tips and gratuities at board-approved locations in the casino.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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 AACCS.

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) Telephone number.

(E) Date of birth.

(F) Place of employment and position held, if applicable.

(G) The employer's address and telephone number, if applicable.

(H) The patron's bank address.

(I) The bank 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 at the time has exceeded an established credit line.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

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 AACCS.

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 AACCS.

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.

(3) Deposits or withdrawals shall be documented 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 within 4 days 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 within 4 days after the day the checks are received or dated, unless otherwise agreed to by the casino licensee and the patron.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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) Date stamp the check.

(c) Initial the check.

(d) 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 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 this state into this state.

(b) An electronic gaming device is transported from any point within this state to any point outside of this state.

(c) An electronic gaming device is transported within this state other than from one location in the casino to another.

(3) Except as provided in R 432.11402(2), 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 to a casino licensee, casino license applicant, or other person entitled to possess electronic gaming devices under applicable state and federal law.

History: 1998-2000 AACS; 2019 MR 9, Eff. May 17, 2019.

R 432.11402 EGD movement.

Rule 1402. (1) If requested by the board, a person who receives an EGD shall prove that the device was received.

(2) Before an EGD is removed from the casino floor, a casino licensee or casino license applicant shall ensure that the EGD contains no money or cash equivalents.

History: 1998-2000 AACS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

R 432.11404 Rescinded.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11405 Transportation of live gaming device.

Rule 1405. (1) The person receiving the live gaming device in this state shall prove receipt of the live gaming device if requested by the executive director.

(2) A live gaming device may only be sold or delivered to a casino licensee, casino license applicant, or other person entitled to possess live gaming devices under applicable state and federal law.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

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 AACCS.

PART 15. DISPUTE PROCEDURES

R 432.11501 Applicability of part.

Rule 1501. (1) This part applies to a casino licensee.

(2) A patron dispute does not constitute a complaint under Part 11 of these rules.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11502 Patron dispute process.

Rule 1502. (1) If a casino licensee receives written notice of a patron dispute within 10 days of the incident underlying the dispute, the casino licensee must investigate and attempt to resolve such dispute, provided that the notice of the patron dispute includes the information set forth in subsection (4)(a)-(d).

(2) After receiving written notice of a patron dispute in compliance with subrule (1) of this rule:

(a) A casino licensee must immediately determine whether it has a video or audio recording, or both, of the subject incident. If so, the casino licensee must maintain any recordings for at least 90 days unless otherwise directed by the board.

(b) The casino licensee must, within 14 days of receiving written notice of the patron dispute, provide the patron with a written notification explaining the results of its investigation and advising the patron of the patron's ability to file a patron dispute form with the board.

(3) The patron may file the completed patron-dispute form within 28 days of the incident by providing it to a board employee at the board office in the casino or sending it to the board office in Detroit, Michigan.

(4) Before being filed with the board, a patron-dispute form must 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 dispute, including the date and time of the incident underlying the dispute.

(c) A list of the names, if known, of any occupational licensees that were involved in, or a witness to, the incident underlying the patron dispute.

(d) The name, address, and telephone number, if known, of any witnesses to the incident underlying the patron dispute.

(e) A summary of the casino licensee's attempt to resolve the patron dispute, if any.

(f) Other information requested on the board's patron-dispute form.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

R 432.11503 Investigation; possible disciplinary action.

Rule 1503. (1) Following receipt of a completed patron dispute form, the board will determine if a patron dispute requires investigation.

(2) The board may decline to investigate the patron dispute for the following reasons:

- (a) The patron dispute form was not received within 28 days from the incident date.
- (b) The incident does not involve winnings or losses.
- (c) The incident does not involve the conduct of gambling.
- (d) Any other reason deemed appropriate by the board.

(3) If the board determines that an investigation is necessary, then the board will conduct an investigation for the purpose of deciding whether to take disciplinary action.

History: 1998-2000 AACCS; 2019 MR 9, Eff. May 17, 2019.

PART 16. DISASSOCIATED PERSONS

R 432.11601 Providing change in information to board.

Rule 1601. If a casino licensee learns of any change in information previously disclosed to the casino licensee under section 25(6) to (7) of the act, MCL 432.225, it must advise the board in writing of the change within 2 days.

History: 2019 MR 9, Eff. May 17, 2019.

R 432.11602 Maintaining certain information of person on the disassociated persons list.

Rule 1602. (1) Immediately after the board discloses to a casino licensee the identity of a person on the disassociated person list, the casino licensee must cause that person to be identified by name, address, and date of birth on all mailing, marketing, and promotion lists maintained by a casino licensee or provided by the casino licensee to a third party as ineligible to receive promotional material.

(2) A casino licensee must not cash checks for, extend credit to, or otherwise assist a person on the disassociated persons list in obtaining funds at the cage and must maintain and use a system designed to identify whether a person who requests such services is on the board's disassociated persons list when the person provides his or her name, address, or date of birth in conjunction with completing such a transaction.

History: 2019 MR 9, Eff. May 17, 2019.