

DEPARTMENT OF TREASURY  
MICHIGAN GAMING CONTROL BOARD

FANTASY CONTEST RULES

Filed with the secretary of state on

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(6) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the Michigan gaming control board by section 10 of the fantasy contests consumer protection act, 2019 PA 157, MCL 432.510)

R 432.511, R 432.512, R 432.513, R 432.513a, R 432.514, R 432.514a, R 432.514b, R 432.514c, R 432.514d, R 432.514e, R 432.515, R 432.515a, R 432.516, R 432.516a, R 432.516b, R 432.517, R 432.518, R 432.521, R 432.521a, R 432.521b, R 432.521c, R 432.521d, R 432.521e, R 432.521f, R 432.521g, R 432.521h, R 432.521i, R 432.522, R 432.523, R 432.524, R 432.525, R 432.525a, R 432.525b, R 432.525c, R 432.526, R 432.527, R 432.528, R 432.528a, R 432.528b, R 432.531, R 432.532, R 432.532a, R 432.532b, R 432.532c, R 432.532d, R 432.532e, R 432.532f, R 432.532g, R 432.532h, R 432.533, R 432.534, R 432.534a, R 432.535, R 432.535a, R 432.535b, R 432.536, R 432.537, R 432.538, R 432.539, R 432.541, R 432.541a, R 432.541b, R 432.541c, R 432.542, R 432.543, R 432.544, R 432.544a, R 432.544b, R 432.544c, R 432.544d, R 432.544e, R 432.545, R 432.546, R 432.547, R 432.548, R 432.551, R 432.552, R 432.553, R 432.554, R 432.554a, and R 432.555 of the Michigan Administrative Code are added, as follows:

PART 1. GENERAL PROVISIONS

R 432.511 Definitions.

Rule 511. As used in these rules:

(a) "Act" means the fantasy contests consumer protection act, 2019 PA 157, MCL 432.501 to 432.516.

(b) "Advertisement" means any notice, communication, or other dissemination of information to the public or individuals, whether by broadcasting, digital or online media, a fantasy contest platform, social media, publication, or any other means of dissemination, by or on behalf of a fantasy contest operator or licensed management company that is intended or designed to promote the fantasy contest business of the fantasy contest operator or licensed management company or solicit or entice fantasy contest players to enter or participate in fantasy contests offered by the fantasy contest

operator or licensed management company. An advertisement includes a promotion and any promotional giveaways, games, and other similar activities.

(c) “Affiliate” means any of the following:

(i) A person that is a holding company, as that term is defined in section 2 of the act, MCL 432.502.

(ii) A corporation, firm, partnership, limited partnership, limited liability company, trust, or other form of business organization that is not an individual and that directly or indirectly does either of the following:

(A) Holds an ownership interest of 5% or more, as determined by the board, in a licensed management company or an applicant.

(B) Holds voting rights with the power to vote 5% or more of the outstanding voting rights of a licensed management company or an applicant.

(d) “Affiliate marketer” means a person involved in promoting, marketing, and directing business to a fantasy contest operator’s or licensed management company’s fantasy contest site that is compensated by or on behalf of the fantasy contest operator or licensed management company based on any of the following:

(i) The volume of customer referrals to the fantasy contest site.

(ii) Customer activity, including, but not limited to, number of fantasy contest player account registrations, number of depositing fantasy contest player account registrations, or fantasy contest entry activity.

(iii) Any combination of the compensation methods described in paragraph (i) to (ii) of this subdivision.

(e) “Agent” means any individual who is employed by any agency of this state, other than the board, the state police, or attorney general, and who is assigned to perform full-time services on behalf of or for the benefit of the board regardless of the title or position held by that individual.

(f) “Applicant” means any person that applies for any license under the act and these rules.

(g) “Application” means all materials and information submitted to the board, including, but not limited to, the instructions, forms, and other documents required by the board, comprising a person’s request for issuance or renewal of a license, approval of a transfer of ownership interest, or any other board action for which an application is required under the act and these rules.

(h) “Authorized script” means a script that is made readily available to all fantasy contest players through a fantasy contest platform and is incorporated as a feature of fantasy contests.

(i) “Auto draft” means a selection method in which a fantasy contest platform automatically selects a fantasy contest team for a fantasy contest player.

(j) “Beginning player” means a fantasy contest player who meets all of the following conditions:

(i) The fantasy contest player has entered fewer than 51 fantasy contests offered by a fantasy contest operator or licensed management company.

(ii) The fantasy contest player does not meet the definition of a highly experienced player.

(iii) The fantasy contest player is not classified as a highly experienced player by a licensed management company under R 432.532a(1).

(k) “Chairperson” means the chairperson of the Michigan gaming control board designated under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

(l) “Conflict of interest” means a situation, relationship, or association in which the private interest of employees, agents, and contractors of the board may influence the judgment of the employee, agent, or contractor in the performance of his or her public duty under the act.

(m) “Contractor” means any individual not employed by this state who performs services on behalf of or for the benefit of the board and requires unescorted access to board facilities.

(n) “Executive director” means the executive director of the Michigan gaming control board, appointed under section 4 of the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.204.

(o) “Fantasy contest operations” means the conduct of authorized fantasy contests by a fantasy contest operator or licensed management company.

(p) “Fantasy contest operator license” means a license issued by the board to a person to operate, carry on, conduct, maintain, expose, or offer for play fantasy contests and award prizes of value.

(q) “Fantasy contest player account” means an electronic ledger in which all of the following types of transactions relative to a fantasy contest player are recorded:

(i) Deposits and credits.

(ii) Withdrawals.

(iii) Entry fees.

(iv) Monetary value of prizes and awards.

(v) Service and other transaction-related charges authorized by the fantasy contest player, if any.

(vi) Adjustments to the account.

(r) “Fantasy contest player funds” means cash or cash equivalents owned by or owed to fantasy contest players, including all of the following except as otherwise provided in paragraph (iv) of this subdivision:

(i) Amounts held by a fantasy contest operator or licensed management company in fantasy contest player accounts, including pending withdrawals, but not including funds that have been withdrawn successfully by fantasy contest players.

(ii) Amounts accepted by a fantasy contest operator or licensed management company as entry fees for fantasy contests whose outcomes have not yet been determined.

(iii) Amounts owed to fantasy contest players but not yet paid by a fantasy contest operator or licensed management company as prizes or awards through the period established by the fantasy contest operator or licensed management company for honoring winning fantasy contest entries.

(iv) Fantasy contest player funds do not include amounts available to fantasy contest players for entry into fantasy contests that are not redeemable for cash.

(s) “Fantasy contest player session” means the period of time that a fantasy contest player is logged on to a fantasy contest platform.

(t) “Geolocation” means the identification of the real-world geographic location of a fantasy contest player.

(u) "In-state participant" means a participant located in this state at the time of paying an entry fee or otherwise entering a fantasy contest.

(v) "Institutional investor" means a person that is any of the following:

(i) A retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees.

(ii) An employee benefit plan or pension fund that is subject to the employee retirement income security act of 1974, Public Law 93-406.

(iii) An investment company registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64.

(iv) A collective investment trust organized by a bank under 12 CFR part 9.

(v) A closed end investment trust.

(vi) A chartered or licensed life insurance company or property and casualty insurance company.

(vii) A chartered or licensed financial institution.

(viii) An investment advisor registered under the investment advisers act of 1940, 15 USC 80b-1 to 80b-21.

(ix) Any other person that the board determines should be considered an institutional investor for reasons consistent with the act and these rules.

(w) "Key person" means any of the following:

(i) An individual who holds a 5% or greater ownership interest in an applicant or licensee or in shares of an applicant or licensee.

(ii) An individual who holds voting rights with the power to vote 5% or more of the outstanding voting rights of an applicant or licensee.

(iii) A director of an applicant or licensee.

(iv) A managerial employee of an applicant or licensee who performs the function of principal executive officer, principal operations officer, principal accounting officer, or an equivalent officer.

(v) An affiliate of an applicant or licensee.

(vi) A director of an affiliate of an applicant or licensee.

(vii) A managerial employee of an affiliate of an applicant or licensee who performs the function of principal executive officer, principal operations officer, principal accounting officer, or an equivalent officer.

(x) "Licensed management company" means a management company that is licensed by the board under the act and these rules.

(y) "Licensee" means a person that holds a fantasy contest operator license or management company license under the act and these rules. Licensee does not include a fantasy contest operator that is exempt from licensure pursuant to section 3(4) of the act, MCL 432.503.

(z) "Management company license" means a license issued by the board to a person to manage the day-to-day fantasy contest operations of a fantasy contest operator.

(aa) "Member" means a board member of the Michigan gaming control board appointed under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

(bb) "Official" means any individual who officiates an athletic event and is responsible for enforcing the rules of the athletic event, including, but not limited to, a referee, umpire, or judge.

(cc) "Prohibited athletic event" means any of the following:

(i) Any event that is not a real-world professional, collegiate, or nationally recognized sports game, contest, or competition.

(ii) Any event that is or involves any of the following:

(A) A high school or youth sporting event.

(B) A randomized or historical event.

(C) A racing event involving animals.

(D) A game or contest ordinarily offered by a horse track or casino for money, credit, or any representative of value, including any races, games, or contests involving horses or that are played with cards or dice.

(E) A slot machine or other mechanical, electromechanical, or electronic device, equipment, or machine, including computers and other cashless wagering systems.

(F) Poker, blackjack, faro, monte, keno, bingo, fan tan, twenty one, seven and a half, Klondike, craps, chuck a luck, Chinese chuck a luck, Wheel of Fortune, Chemin de Fer, Baccarat, Pai Gow, Beat the Banker, Panguingui, roulette, or other banking or percentage games.

(G) Any other game or device authorized by the board under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

(iii) Any event that does not involve the physical exertion and skill of the participating individual athletes.

(iv) Any event in which any participating individual athlete is not physically present at the location at which the event occurs.

(v) Any event in which the outcome of the event is not directly dependent on the performance of the participating individual athletes.

(vi) Other prohibited athletic events as determined by the board.

(dd) "Prohibited person" means any of the following:

(i) An individual who is less than 18 years of age.

(ii) A self-restricted individual.

(iii) An individual the board has determined must be excluded from participation in fantasy contests under R 432.532c.

(iv) Except as otherwise provided in R 432.513a(9) and R 432.532b(12), a member, the executive director, a board employee, or an agent.

(v) Other prohibited persons as determined by the board.

(ee) "Proxy server" means a computer server or other technology that allows a person to disguise the geolocation of his or her computer or other device when accessing a fantasy contest platform.

(ff) "Publicly traded corporation" means any corporation or other legal entity regulated by the U.S. Securities and Exchange Commission under the securities exchange act of 1934, 15 USC 78a to 78qq, or securities act of 1933, 15 USC 77a to 77aa.

(gg) "Representative" means an individual who acts on behalf of a fantasy contest operator, licensed management company, applicant, or affiliate.

(hh) "Self-restricted individual" means an individual who is subject to an active self-restriction under R 432.532d.

(ii) "Sports governing body" means an organization that prescribes final rules and enforces codes of conduct for an athletic event and the participants in the athletic event.

(jj) "Strong authentication" means a method that effectively provides higher security than a username and password alone.

(kk) "Suspended account" means a fantasy contest player account that has been temporarily disabled from entering or participating in fantasy contests.

(ll) "Targeted advertisement" means an advertisement disseminated by or on behalf of a fantasy contest operator or licensed management company, or a promotional offer made by or on behalf of a fantasy contest operator or licensed management company, which is directed to an individual on the basis of specific criteria, such as being a member or former member of a rewards club or a participant in social games. Targeted advertisement does not include any of the following:

(i) Mass communication, including mailings or emails, made to an entire area or zip code or targeted list.

(ii) An advertisement that arrives in a packet of 5 or more non-gaming advertisements if the packet of advertisements is addressed to "resident," "occupant," or some similar wording and not to a specific individual.

(iii) Any "pop-up" advertisement that appears on an individual's computer or mobile device on the basis of his or her Internet Protocol (IP) Address.

(mm) "Third-party provider" means a person, other than a licensed management company, that provides fantasy contest operators or licensed management companies goods or services that directly affect the conduct of fantasy contests under the act.

R 432.512 Terms defined in act.

Rule 512. Terms defined in the act have the same meaning when used in these rules.

R 432.513 Board duties, jurisdiction, and authority.

Rule 513. (1) To execute and administer the act for the purpose of licensing, regulating, and enforcing lawful fantasy contests, the board may do all of the following:

(a) Determine its practices and internal policies or procedures.

(b) Delegate to the executive director all powers 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:

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

(ii) Hire and fire employees of the board and administer oaths.

(iii) Issue subpoenas for the attendance of witnesses and the production of documents.

(iv) Issue and renew licenses.

(v) Conduct investigations, inspections, and audits, share information with law enforcement agencies, conduct hearings, and settle alleged violations of the act and these rules.

(vi) Engage in other functions necessary to the proper administration and enforcement of the act and these rules.

(vii) Grant requests and waivers, answer inquiries, issue interpretations, and otherwise take any action that is reasonably requested by an applicant, licensed management company, or fantasy contest operator in furtherance of, and consistent with,

the efficient administration and enforcement of the act and these rules, as determined to be necessary or appropriate by the executive director.

(2) The board may set hiring standards for employees.

(3) The board has general responsibility for the implementation of the act. The board's duties include, but are not limited to, all of the following:

(a) Deciding in a reasonable period of time all license applications.

(b) Investigating applicants for licenses. The board may grant licenses in accordance with the act and these rules.

(c) Supervising fantasy contests and fantasy contest operations authorized by the act.

(d) Investigating alleged violations of the act or these rules and taking appropriate disciplinary action against a fantasy contest operator, licensed management company, or any other person, or instituting appropriate legal action for enforcement, or both.

(e) Conducting investigative and contested case hearings, issuing subpoenas, and administering oaths and affirmations to the witnesses to exercise and discharge the powers and duties of the board under the act.

(f) Revoking or suspending licenses or taking any other action authorized in the act or these rules that the board considers necessary and in compliance with applicable laws of this state.

(g) Imposing fines against persons, fantasy contest operators, and licensed management companies for engaging in a fraudulent practice or behavior, for each violation of the act, these rules, or any resolution or order of the board, or for any other action that the board determines is a detriment or impediment to fantasy contests or fantasy contest operations.

(h) Taking any other action as may be reasonable or appropriate to enforce the act and these rules.

(4) The board may seek and shall receive the cooperation and assistance of other departments and agencies in conducting background investigations and in fulfilling its responsibilities under the act.

R 432.513a Member, executive director, board employee, or agent; conduct generally.

Rule 513a. (1) By January 31 of each year, each member, the executive director, and all employees of the board shall file 1 or more board disclosure forms. The board shall determine the contents of the form, but the form must include any information that is necessary to ensure the integrity of fantasy contests and the disclosure of all relevant financial information. The form may be combined with similar forms required by other acts or rules.

(2) If a member, the executive director, a board employee, or an agent negotiates for, or acquires by any means, any interest in a fantasy contest operator, licensed management company, applicant, or affiliate, he or she must immediately provide written notice of the details of the interest to the chairperson. The member, executive director, board employee, or agent must not act on behalf of the board with respect to that fantasy contest operator, licensed management company, applicant, or affiliate.

(3) A member, the executive director, a board employee, or an agent may enter into any negotiations for employment with a fantasy contest operator, licensed management company, applicant, or affiliate. The member, executive director, board employee, agent, fantasy contest operator, licensed management company, applicant, or affiliate must

immediately notify the chairperson and the executive director once the invitation to negotiate has been extended. A potential employer asking if an individual would be interested in a position or explaining the nature of a position does not constitute negotiations for employment. Further, an individual completing an employment application does not constitute negotiations for employment. The member, executive director, board employee, or agent must not take any action on behalf of the board with respect to that fantasy contest operator, licensed management company, applicant, or affiliate while the negotiations are ongoing.

(4) All members, the executive director, board employees, agents, and contractors must, to the maximum extent possible, avoid situations, relationships, or associations that may represent or lead to an actual or perceived conflict of interest.

(5) A member, the executive director, a board employee, or an agent or their spouse may not accept any gift, gratuity, compensation, travel, lodging, or anything of value, directly or indirectly, from any fantasy contest operator, licensed management company, applicant, affiliate, or representative, unless the acceptance conforms to a written policy issued by the chairperson or his or her designee. The chairperson or his or her designee may exempt attendance at a reception and food and drink for immediate consumption from this policy. The policy must be publicly available and shared with all fantasy contest operators, licensed management companies, applicants, and affiliates.

(6) A fantasy contest operator, licensed management company, applicant, affiliate, or representative shall not, directly or indirectly, give or offer to give any gift, gratuity, compensation, travel, lodging, or things of value to any member, the executive director, a board employee, or an agent or their spouse that the member, executive director, board employee, or agent or their spouse is prohibited from accepting under subrule (5) of this rule.

(7) A fantasy contest operator, licensed management company, applicant, affiliate, or representative must not engage in ex parte communications with a member of the board. A member of the board must not engage in any ex parte communications with a fantasy contest operator, licensed management company, applicant, affiliate, or representative.

(8) Any member, fantasy contest operator, licensed management company, applicant, affiliate, or representative who receives any ex parte communication in violation of subrule (7) of this rule, or who is aware of an attempted communication in violation of subrule (7) of this rule, must immediately report details of the communication or attempted communication in writing to the chairperson.

(9) A member, the executive director, a board employee, or an agent must not have a fantasy contest player account or enter or participate in any fantasy contest conducted under the act unless either or both of the following apply:

(a) The member, executive director, board employee, or agent possesses a fantasy contest player account or enters or participates in a fantasy contest as part of the individual's surveillance, security, or other official duty authorized by the board.

(b) The member, executive director, board employee, or agent possesses a test account or enters or participates in a fantasy contest using a test account in accordance with R 432.532b(12).

(10) Violation of this rule by a fantasy contest operator, licensed management company, applicant, affiliate, or representative may result in denial of an application for licensure, revocation or suspension of a license, or other action by the board.



(11) Violation of this rule does not create a civil cause of action.

R 432.514 Denial or non-renewal hearings.

Rule 514. (1) A person whose application for a license or a transfer of ownership has been denied, whose license has not been renewed, or who has been denied an approval from the board required in these rules may request a denial or non-renewal hearing. The hearing must be de novo.

(2) The person must submit an original denial or non-renewal hearing request, pleading, or other written document to the board, serve each party or attorney of record, and provide a proof of service on each party or attorney of record.

R 432.514a Denial or non-renewal hearings; request for hearing.

Rule 514a. (1) A request for a denial or non-renewal 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, 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 a denial or non-renewal hearing must be submitted within 21 days after service of the notice of denial, notice of non-renewal, or disapproval. A request for a denial or non-renewal hearing submitted by certified mail or overnight express mail is considered submitted in a timely manner if it is postmarked no later than 21 days after service of a notice of denial, notice of non-renewal, or disapproval.

(3) A request for a denial or non-renewal hearing is considered granted unless denied.

(4) A request for a denial or non-renewal hearing may be withdrawn by the petitioner. If the request for a denial or non-renewal hearing is withdrawn, then the initial denial, non-renewal, or disapproval becomes a final board order.

(5) Unless the board denies a request for a denial or non-renewal hearing, the board shall submit the request for hearing to the appropriate state agency.

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

R 432.514b Denial or non-renewal hearings; proceedings.

Rule 514b. (1) The burden of proof in a denial or non-renewal hearing is at all times on the petitioner. The petitioner has 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) Approval should have been granted.

(2) The denial or non-renewal hearing must be conducted in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, except as otherwise provided in these rules or the act.

R 432.514c Prohibition on ex parte communication.

Rule 514c. A party or the party's attorney must not communicate directly or indirectly with a hearing officer regarding any pending matter, except upon notice and opportunity for all parties to participate. A party that engages in ex parte communication with a hearing officer may be subject to sanctions and penalties.

R 432.514d Denial or non-renewal hearings; sanctions and penalties.

Rule 514d. (1) The hearing officer in a denial or non-renewal hearing may recommend 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, the hearing officer may infer that the testimony or answer would have been adverse to the case of the petitioner.

(3) If the petitioner or attorney of record fails to answer a subpoena or refuses to testify fully at the request of the board, the failure may be considered independent grounds for a finding that the petitioner should have been denied a license, renewal, transfer of ownership, or approval. The hearing officer may also infer from the failure to answer a subpoena or refusal to testify fully that the testimony would have been adverse to the petitioner.

R 432.514e Recording proceedings; transmittal of record and board action.

Rule 514e. (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, within 60 days after the conclusion of the hearing or the submission of post-hearing briefs or proposed findings of fact, the hearing officer shall issue, to the board and to the parties, written findings of fact, conclusions of law, and recommendations. Findings of fact 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 have 21 days after 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 after 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 must consider the record as a whole.

(7) After considering the record as a whole, 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 the 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.

R 432.515 Request for declaratory ruling; form; contents.

Rule 515. (1) A person that requests a declaratory ruling from the board as to the applicability to an actual set 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.

R 432.515a Declaratory ruling; notice of issuance; request for information or arguments; hearing.

Rule 515a. (1) Within 90 days after the receipt of a request for a declaratory ruling, the board shall issue a written notification by 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 petitioner.
- (b) Request information from other interested parties.
- (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.

R 432.516 Reasons for investigation of, or disciplinary action against, a fantasy contest operator or licensed management company; disciplinary hearing procedure.

Rule 516. (1) The board may initiate an investigation of or a disciplinary action against, or both, a fantasy contest operator or licensed management company if the board has reason to believe that 1 or more of the following apply:

(a) The licensed fantasy contest operator or licensed management company is not maintaining suitability for licensure as provided by the act.

(b) The licensed fantasy contest operator or licensed management company is not complying with licensure conditions.

(c) The fantasy contest operator or licensed management company is not complying with all laws, rules, orders, and resolutions.

(2) Before initiating disciplinary proceedings, the board must give notice and an opportunity to show compliance under section 92 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.292.

(3) A fantasy contest operator is responsible for the conduct of any licensed management company it uses to conduct fantasy contests under the act. A fantasy contest operator or licensed management company is responsible for the conduct of any third-party provider it uses to conduct fantasy contests under the act. A licensed management company is responsible for its conduct under the act and these rules. Any violation of the act or these rules by the fantasy contest operator in which the licensed management company participated in the action is considered a violation by both the fantasy contest operator and licensed management company, and the board may hold both, or either, accountable for the violation.

(4) The board may initiate a disciplinary proceeding by designating a member or the executive director to conduct a hearing or by initiating proceedings with the appropriate state agency under the contested case provisions of chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288, and the rules promulgated under that chapter.

R 432.516a Disciplinary hearings; hearing officer sanctions and penalties.

Rule 516a. (1) A hearing officer in a disciplinary hearing may recommend sanctions and penalties if the hearing officer finds that a party has failed to appear for a scheduled hearing, has acted in bad faith for the purpose of delay, or has otherwise abused the hearing process.

(2) If a respondent fails to testify on the respondent's own behalf with respect to any question propounded to the respondent, the hearing officer may infer that the testimony or answer would have been adverse to the case of the respondent.

(3) If the respondent or attorney of record fails to answer a subpoena or refuses to testify fully at the request of the board, the failure may be considered independent grounds for a finding that the respondent should be disciplined. The hearing officer may also infer that the testimony would have been adverse to the respondent.

R 432.516b Disciplinary hearings; actions available to the board.

Rule 516b. The board may take any of the following disciplinary actions against a fantasy contest operator or licensed management company:

(a) Suspend, revoke, restrict, or place conditions on the license of a licensed fantasy contest operator or licensed management company.

(b) Prohibit a fantasy contest operator from continuing to offer fantasy contests under the act.

(c) Require the removal of an employee of a fantasy contest operator or licensed management company.

(d) Require the removal of a third-party provider used by a fantasy contest operator or licensed management company.

(e) Impose a civil penalty of not more than \$20,000 for each violation of the act, these rules, an order, or a resolution.

(f) Any other action considered necessary by the board to ensure compliance with the act or these rules.

R 432.517 Special proceedings.

Rule 517. (1) The board may without notice or hearing suspend a license or otherwise prohibit a fantasy contest operator from continuing to offer fantasy contests under the act if the board determines that the safety or health of persons or employees or the integrity of fantasy contests is jeopardized by continuing fantasy contest operations or that the action is necessary for the immediate preservation of the integrity of fantasy contests, public peace, health, safety, morals, good order, or general welfare.

(2) The suspension or prohibition may remain in effect until the board determines that the cause for the suspension or prohibition has been abated.

(3) Following a hearing, the board may revoke the license upon a determination that satisfactory progress toward abating the hazard has not been made.

R 432.518 Waiver of requirements.

Rule 518. The board may, in writing, waive, restrict, or alter any requirement or procedure set forth in these rules, if the board determines any of the following:

- (a) That the requirement or procedure is impractical or burdensome.
- (b) That the waiver, restriction, or alteration is in the best interest of the public and fantasy contests.
- (c) That the waiver, restriction, or alteration is not outside the technical requirements necessary to serve the purpose of the requirement or procedure.

## PART 2. LICENSING

R 432.521 Required notification of anticipated or actual changes in key persons.

Rule 521. A licensee or applicant must notify the board within 5 business days of any change in a key person. If the change results in a new key person who was not previously found eligible and suitable as part of the relevant licensee's license or the relevant applicant's application, the new key person must file an application and disclosure forms, in the manner and form prescribed by the board, within 30 days of the change. If the board finds that the new key person is ineligible or unsuitable for licensure under the act and these rules, the person must not perform any duties or exercise any powers of the position that resulted in the person's classification as a key person.

R 432.521a Notification by licensees, applicants, and affiliates required.

Rule 521a. (1) A licensee, applicant, or affiliate must notify the board, as soon as practicable after it becomes aware that, with regard to the licensee, applicant, or affiliate, any person has any of the following:

- (a) Beneficially acquired more than 5% of any class of the licensee's, applicant's, or affiliate's equity securities.
- (b) Acquired voting rights with the power to vote 5% or more of the licensee's, applicant's, or affiliate's outstanding voting rights.
- (c) The ability to control the licensee, applicant, or affiliate.
- (d) The ability to elect 1 or more directors of the licensee, applicant, or affiliate.

(2) To the extent known by the licensee, applicant, or affiliate, the required notification must include the name, business address, phone number, and other personal identification information for each person.

(3) A licensee or applicant must report to the board the election or appointment of a director or officer of that licensee or applicant or an affiliate of that licensee or applicant that is actively and directly engaged in the administration or supervision of the applicant's or licensee's fantasy contest operations.

(4) A licensee, applicant, 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 after the board requests the document or at another time established by the board.

(5) A publicly traded corporation is considered to have complied with this rule if it has complied with the reporting requirements in R 432.521c.

R 432.521b Required notification of formation, dissolution, or transfer of subsidiaries.

Rule 521b. (1) A licensee, applicant, or affiliate must 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 the licensee, applicant, or affiliate.

(2) A publicly traded corporation is considered to have complied with this rule if it has complied with the reporting requirements in R 432.521c.

R 432.521c Publicly traded corporation reporting requirements.

Rule 521c. (1) A publicly traded corporation or other person that applies for or holds a license under the act and these rules and is a public reporting company under the securities exchange act of 1934, 15 USC 78a to 78qq, or the securities act of 1933, 15 USC 77a to 77aa, must submit a copy of all submissions required by the U.S. Securities and Exchange Commission to the board in a format prescribed by the board. The submissions are due within 14 days of the filing dates required by the U.S. Securities and Exchange Commission.

(2) If a publicly traded corporation or other person that applies for or holds a license under the act and these rules receives any material document filed with the U.S. 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 document.

(3) A publicly traded corporation or other person that applies for or holds a license under the act and these rules must file a list of record holders of its voting securities with the board annually.

R 432.521d Exemption for institutional investors.

Rule 521d. (1) An institutional investor who acquires beneficial ownership of a licensee or applicant must notify the board within 14 days after the institutional investor acquires the beneficial ownership or files form 13-D or 13-G with the U.S. Securities and Exchange Commission, or both. The institutional investor must 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 for investment purposes only less than 25% interest in a licensee or applicant may, in a manner and form prescribed by the board, file with the board an exemption form to establish exemption from the eligibility

and suitability requirements of the act and these rules.

(3) The licensee or applicant in whom the institutional investor acquires the interest must file an application for approval of the transfer pursuant to the requirements of R 432.521e, if applicable. The institutional investor must file either an exemption form, if the institutional investor holds the interest for investment purposes only, or application and disclosure forms as part of the relevant licensee's license or the relevant applicant's application, if the institutional investor does not hold the interest for investment purposes only.

(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 exemption, the institutional investor must, within 30 days, either divest itself of the interest or file application and disclosure forms as part of the relevant licensee's license or the relevant applicant's application.

(5) The following activities are considered 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 board 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) If an institutional investor acquires 25% or more ownership interest of a licensee or applicant, the institutional investor must notify the board within 14 days after acquiring the ownership interest.

R 432.521e Transfer of ownership interest; board approval required; exceptions.

Rule 521e. (1) An interest in a licensee may only be transferred in accordance with this part.

(2) Except as stated in subrules (4) and (5) of this rule, the following persons must provide notice to the board 30 days before the execution of a transfer:

(a) A person that intends to transfer or acquire greater than a 5% interest in a licensee.

(b) A person that, as a result of an acquisition, will acquire an interest totaling greater than 5% in a licensee.

(3) The board must determine whether 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 exemption under these rules. Once the board determines

that the person acquiring the interest is eligible and suitable under the standards set forth in the act and these rules, the executive director may approve the transfer.

(4) A transfer of interest to an institutional investor that acquires or will have acquired, upon completion of the transfer, less than 25% of the equity securities of a licensee may occur without first receiving executive director approval if the equity securities are held for investment purposes only but is subject to other requirements of this part.

(5) A transfer of interest in a licensee may occur if the transfer is between persons the board has found eligible 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.

(6) If approval of the transfer of interest is denied by the executive director or the person acquiring the interest is found unsuitable by the board, the transferee must divest itself of the interest within 30 days after the date of the order denying approval.

R 432.521f Transfer of ownership interest; application.

Rule 521f. (1) A person desiring to acquire an ownership interest in a licensee must complete and submit application and disclosure forms, in the manner and form prescribed by the board.

(2) A person desiring to acquire an interest in a licensee must present evidence that the person desiring to acquire the interest is eligible and suitable under the standards and criteria for licensure set forth in the act and these rules.

(3) A licensee that is attempting to transfer an ownership interest must submit any information or documentation considered necessary by the board to ensure compliance with the act and these rules.

R 432.521g Transfer of ownership interest; investigative costs and fees.

Rule 521g. An investigation fee may be assessed to the extent that there are costs directly associated with the background investigation relating to the person desiring to acquire an interest in a licensee. Unless otherwise determined by the board, approval may be withheld until full payment of the direct background investigation fees.

R 432.521h Transfer of ownership interest; denials.

Rule 521h. If an application for a transfer of interest is denied, a notice of denial must be issued.

R 432.521i Review of information at licensee's or applicant's premises; costs to licensee or applicant.

Rule 521i. (1) The board may review, at the premises of the custodian of the information, any information that the act or these rules provide for from any of the following:

- (a) A licensee.
- (b) An applicant.
- (c) A key person.

(2) If information is reviewed at the premises of the custodian of the information, the licensee or applicant must, as soon as practicable, reimburse the board for all licensure investigation expenses incurred in performing the review at the premises of the custodian



of the information, including travel, food, and lodging that exceed the amount of the relevant license fee.

R 432.522 License classifications.

Rule 522. (1) The following licenses may be issued under the act and these rules:

- (a) Fantasy contest operator license.
- (b) Management company license.

(2) Except as otherwise provided in sections 3(2) to 3(4) of the act, MCL 432.503, a person must hold a fantasy contest operator license before offering fantasy contests in this state.

(3) A person retained by a fantasy contest operator to manage the day-to-day fantasy contest operations of the fantasy contest operator must hold a management company license. Unless otherwise determined by the board, an individual who is an employee of a fantasy contest operator does not require a management company license to manage the day-to-day fantasy contest operations of the fantasy contest operator by which the individual is employed.

(4) A person must hold a management company license before managing the day-to-day fantasy contest operations of a fantasy contest operator. Unless otherwise determined by the board, an individual who is an employee of a fantasy contest operator does not require a management company license to manage the day-to-day fantasy contest operations of the fantasy contest operator by which the individual is employed.

R 432.523 Fees, fines, taxes, payments, and assessments.

Rule 523. (1) All fees, fines, taxes, payments, and assessments provided for under the act and these rules must be timely submitted to the board by a payment method acceptable to the board, which includes, but is not limited to, a certified check, cashier's check, money order made payable to "State of Michigan," or electronic transfer of funds.

(2) The following initial license fees must be submitted to the board, together with the required license application, by an applicant for an initial license under the act and these rules:

- (a) Fantasy contest operator initial license fee: \$10,000.00.
- (b) Management company initial license fee: \$5,000.00.

(3) The initial license 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. An additional background investigation charge may be assessed to the extent the board's direct investigative costs exceed the applicant's initial license fee. Unless otherwise determined by the board, a license 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 annual license renewal fee. The board may deny a renewal application if the licensee does not pay the additional assessed costs by a date set by the board.

(5) The following annual license renewal fees must be submitted to the board by a licensee each year at the time the licensee applies to renew its license under the act and these rules:

- (a) Fantasy contest operator annual license renewal fee: \$5,000.00
- (b) Management company annual license renewal fee: \$5,000.00.

R 432.524 Deposit of fees, fines, taxes, payments, and assessments.

Rule 524. Except as provided in section 14(4) of the act, MCL 432.514, all fees, fines, taxes, payments, and assessments imposed by this state under the act and these rules must be deposited into the fantasy contest fund created under section 16 of the act, MCL 432.516.

R 432.525 Investigation process for applicants.

Rule 525. 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 and suitability of the applicant to receive a fantasy contest operator license or management company license under the licensing standards and criteria provided in the act and these rules. A misrepresentation or omission in the application may be cause for the denial, suspension, restriction, or revocation of a fantasy contest operator license or management company license by the board.

R 432.525a Persons required to be found eligible and suitable.

Rule 525a. (1) The board shall not issue or renew a fantasy contest operator license or management company license unless every person required by the act and these rules as part of the application for issuance or renewal of the license has first been determined by the board to be eligible and suitable in accordance with the relevant licensing standards set forth in the act and these rules.

(2) Unless otherwise prescribed by the board, the following persons are required to be found eligible and suitable as part of the application for the issuance or request for renewal of a fantasy contest operator license or management company license:

(a) A person that is required to apply for a fantasy contest operator license or management company license under the act and these rules.

(b) A person that is a key person.

(3) A person required to be found eligible and suitable as part of the application for issuance or renewal of a fantasy contest operator license or management company license must complete and file with the board an application and required disclosure forms in the manner and form prescribed by the board.

(4) A person that applies for or holds a fantasy contest operator license or management company license must ensure that all persons that are required by the act and these rules to establish their eligibility and suitability as part of the applicant's application for the issuance, or the licensee's maintenance or renewal, of the fantasy contest operator license or management company license have filed, with the board, all required applications, reports, and disclosure forms in the manner and form prescribed by the board.

R 432.525b License issuance by the board; standards and criteria.

Rule 525b. (1) Except to the extent the board may require different or additional procedures, an applicant for a fantasy contest operator license or management company license is subject to all of the following before licensing:

- (a) Application.
- (b) Background investigation.
- (c) Action and decision by the board on the application.

(2) A person that is required to hold a fantasy contest operator license or management company license under the act and these rules must, before issuance of a fantasy contest operator license or management company license, produce information, documentation, and assurances to establish all of the following by clear and convincing evidence:

- (a) Its suitability as to character, reputation, integrity, business probity, and financial ability.
- (b) Its willingness to be subject to the jurisdiction of the board.
- (c) That the applicant has adequate capitalization and the financial ability and the means to develop, construct, operate, and maintain the applicant's fantasy contest operator or management company business in accordance with the act and these rules.
- (d) That the applicant has adequate capitalization and the financial ability to responsibly pay its secured and unsecured debts in accordance with its financing agreements and other contractual obligations.
- (e) That the applicant is in substantial compliance with any gaming-related or fantasy contest-related licensing requirements that are applicable to the applicant in this state or any other jurisdiction.
- (f) That the applicant and all other persons required to be found eligible and suitable as part of the application are eligible and suitable for licensure under the licensing standards, criteria, and requirements.
- (g) That the applicant, if the applicant is an individual, and all other individuals required to be found eligible and suitable as part of the application are not less than 18 years of age, unless otherwise approved by the board.
- (h) That the applicant and all other persons required to be found eligible and suitable as part of the application have not been convicted of any criminal offense involving gaming, theft, dishonesty, or fraud in any jurisdiction. However, the board may waive this requirement if the conviction occurred more than 5 years before the applicant applies for a license and the board is convinced that the applicant does not pose a threat to the integrity of fantasy contests and the applicant otherwise meets the requirements of this rule.
- (i) That the applicant and all other persons required to be found eligible and suitable as part of the application do not appear on the exclusion list of any jurisdiction.
- (j) That the applicant and all other persons required to be found eligible and suitable as part of the application are in substantial compliance with all local, state, and federal laws.

(3) An applicant must designate at least 1 key employee as a condition for obtaining a license. An applicant is considered to have complied with this subrule if it has identified at least 1 key person who meets the definition of a key employee.

(4) Once licensed, a person must comply with the act and these rules. Failure to comply may result in disciplinary action.

#### R 432.525c Provisional licenses.

Rule 525c. (1) Upon written request of a person applying for a fantasy contest operator license or management company license, the executive director may issue a provisional

license to the applicant and allow the applicant to conduct business for which a license is required under the act and these rules, if all of the following conditions are met:

(a) A completed application, an initial license 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 or key persons have been convicted of a felony or misdemeanor involving gambling, theft, dishonesty, or fraud or may otherwise be ineligible or unsuitable to allow for 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) If the person is an applicant for a management company license, the applicant has a letter of intent to manage the day-to-day fantasy contest operations of a fantasy contest operator or the applicant shows good cause for being granted a provisional license.

(2) A provisional license issued under this rule expires on the date provided by the board.

(3) If a provisional license issued under this rule expires, or is suspended or revoked, the executive director will forward the applicant's application for a fantasy contest operator license or management company license to the board at the conclusion of the background investigation for action on the application.

(4) The board may, at its discretion, waive any or all of the provisions listed in subrule (1) of this rule if the applicant is licensed by the board under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226, the lawful internet gaming act, 2019 PA 152, MCL 432.301 to 432.322, or the lawful sports betting act, 2019 PA 149, MCL 432.401 to 432.419.

#### R 432.526 Denials.

Rule 526. (1) If the board denies the application for a license, it will direct the executive director to issue a notice of denial.

(2) An applicant that is served with a notice of denial under these rules may request a contested case hearing as set forth in these rules.

(3) The notice of denial is a finding that the person is ineligible or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or these rules. When the board denies an application for a license, the person is prohibited from conducting business that would otherwise require licensure.

(4) A person whose application for a license has been denied may not reapply for a period of 1 year from the date on which the board voted to deny the application unless otherwise approved by the board.

(5) A person whose application for a 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 person to present an oral or written argument outlining why an exception should be made.

#### R 432.527 Renewal of a license.

Rule 527. (1) A fantasy contest operator license or management company license when issued is valid for 1 year.

(2) A fantasy contest operator licensee or management company licensee shall renew its license every year after receiving its initial license if it intends to continue conducting business for which the license is required.

(3) To renew a license, a fantasy contest operator licensee or management company licensee must, at least 30 days before expiration of its license, submit the annual license renewal fee and application in the manner and form required by the board.

(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 fantasy contest operator licensee or management company licensee who is served with a notice of nonrenewal under this rule may request a contested case hearing as set forth in these rules.

(6) The notice of nonrenewal is a finding that the fantasy contest operator licensee or management company licensee is ineligible or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or these rules. When the board denies an application for renewal, the person is prohibited from conducting business that would otherwise require licensure.

R 432.528 Application explained; applicant to demonstrate eligibility and suitability.

Rule 528. (1) An application for a license under the act and these rules is a request by the applicant seeking a revocable privilege. A license must 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, at all times, has the burden of demonstrating to the board, by clear and convincing evidence, that the applicant is eligible 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 issued by the board under the act and these rules is a revocable privilege granted by the board. A person that holds a license does not acquire, and must not be considered to have acquired, a vested property right or other right in the license.

(4) An applicant or licensee must 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 of the United States, federal law, or the laws of this state 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 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 have a continuing duty to do both 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 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 and suitability to be issued and hold the license held or applied for under the act and these rules.

(7) A fantasy contest operator, an applicant, and a licensee have a continuing duty to do all of the following:

- (a) Provide any information requested by the board relating to licensing or regulation.
- (b) Cooperate with the board in investigations, inspections, audits, hearings, and enforcement and disciplinary actions.
- (c) Allow the board access to its facilities relevant to fantasy contest operations under the act and these rules.
- (d) Comply with all conditions, restrictions, requirements, orders, and rulings of the board in accordance with the act and these rules.

R 432.528a Duty to disclose violations.

Rule 528a. A fantasy contest operator or licensed management company must immediately notify the board, in writing, if it becomes aware that a fantasy contest operator, licensed management company, or third-party provider involved in its fantasy contest operations under the act has acted contrary to the act or these rules.

R 432.528b Contracts.

Rule 528b. A fantasy contest operator must maintain all contracts that relate to its Michigan fantasy contest operations for 3 years following their expiration. The board must be allowed access to any contract entered into by a fantasy contest operator upon demand. The fantasy contest operator may be required by the board to promptly submit copies of any contract upon request of the board.

### PART 3. CONDUCT OF FANTASY CONTESTS

R 432.531 Fantasy contests and athletic events.

Rule 531. (1) A fantasy contest operator or licensed management company may only offer or conduct a fantasy contest that meets all of the conditions established in section 2(d) of the act, MCL 432.502. A fantasy contest platform must be designed to prevent all of the following:

- (a) A fantasy contest player from submitting a fantasy contest team composed of the entire roster of a real-world sports team.
- (b) A fantasy contest player from submitting a fantasy contest team composed entirely of individual athletes who are members of the same real-world sports team.
- (c) A fantasy contest player from submitting a fantasy contest team composed of a single athlete.

(2) A fantasy contest operator or licensed management company may only offer or conduct a fantasy contest that is based on an athletic event, as that term is defined in section 2 of the act, MCL 432.502. A fantasy contest operator or licensed management company must not offer or conduct a fantasy contest that is based, in whole or in part, on a prohibited athletic event.

(3) Unless otherwise approved by the board, a fantasy contest operator or licensed management company may not offer or allow any of the following:

(a) Any means of fantasy contest team selection or assembly that does not involve the knowledge and skill of a fantasy contest player, including, but not limited to, all of the following:

(i) Auto draft functionality, except in the case of a fantasy contest in which a fantasy contest player is required to exert knowledge and skill to rank, prioritize, or queue athletes prior to the draft or to assemble 1 or more fantasy contest teams from his or her pool of drafted athletes.

(ii) A fantasy contest player choosing from pre-selected fantasy contest teams.

(iii) Any other means of fantasy contest team selection or assembly that does not involve the input or control of a fantasy contest player.

(b) Any fantasy contest in which each winning outcome does not reflect the knowledge and skill of the winning fantasy contest player relative to 1 or more other fantasy contest players. This includes, but is not limited to, any fantasy contest in which a fantasy contest player does not compete with or against 1 or more other fantasy contest players. This subdivision does not prohibit a fantasy contest operator or licensed management company from offering a fantasy contest in which a fantasy contest player selects overs or unders, answers statistical questions, or competes to achieve or surpass a target statistic, provided that 2 or more fantasy contest players must participate in the fantasy contest and the fantasy contest must meet all applicable requirements of the act and these rules.

(c) Any fantasy contests that involve, result in, or have the effect of mimicking betting on sports.

(d) Any fantasy contest in which any statistical results of the performance of any individual athletes that determine the outcome of the fantasy contest have been partially or completely determined and are publicly known at the time any entry is accepted.

(e) Any fantasy contests prohibited by the board or by state or federal law.

(4) A fantasy contest operator or licensed management company shall only offer fantasy contests for which all of the following apply:

(a) All underlying athletic events can be effectively supervised by a sports governing body and are subject to integrity safeguards.

(b) The statistical results of the performance of the individual athletes that are aggregated to determine the outcome of the fantasy contest meet all of the following:

(i) Can be documented and verified.

(ii) Can be generated by a reliable and independent process.

(iii) Are not affected by any fantasy contests or fantasy contest entries.

(iv) Are complete, accurate, reliable, timely, and available.

(c) The fantasy contest and all underlying athletic events are conducted in conformity with all applicable laws.

(5) The board reserves the right to do any of the following to protect the integrity of fantasy contests or for any other reason the board considers appropriate:

(a) Prohibit, limit, restrict, or condition the conduct of any fantasy contest.

(b) Prohibit, limit, restrict, or condition the conduct of fantasy contests based on a particular athletic event or type of athletic event.

(c) Order cancellation of fantasy contest entries and require the refund of the related entry fees.

(6) A fantasy contest operator or licensed management company must maintain a master list of all fantasy contests it offers fantasy contest players. The master list must contain information sufficient to verify compliance with the definitions of athletic event and fantasy contest under section 2 of the act, MCL 432.502. The fantasy contest operator or licensed management company must provide the master list to the board on request.

(7) If it is determined that a fantasy contest operator or licensed management company offered or offers a fantasy contest that is prohibited by these rules or an applicable state or federal law, the fantasy contest operator or licensed management company must do either of the following:

(a) If none of the underlying athletic events have commenced, the fantasy contest operator or licensed management company must immediately cancel all fantasy contest entries and refund all related entry fees. The fantasy contest operator or licensed management company must promptly notify the board after cancelling the fantasy contest entries and returning the entry fees.

(b) If any of the underlying athletic events are in progress or have been completed, the fantasy contest operator or licensed management company must immediately notify the board and submit proposed corrective action for board review and approval. The proposed corrective action must include, but is not limited to, an explanation of how the fantasy contest operator or licensed management company proposes to address fantasy contest entries and entry fees.

#### R 432.532 Conduct of fantasy contests.

Rule 532. (1) Available fantasy contests must be clearly displayed on the fantasy contest operator's or licensed management company's fantasy contest platform. A fantasy contest operator or licensed management company shall not accept fantasy contest entries for a fantasy contest unless the fantasy contest is clearly displayed on the fantasy contest operator's or licensed management company's fantasy contest platform. For fantasy contests that are open only to certain fantasy contest players, a fantasy contest operator or licensed management company may display the fantasy contests only to fantasy contest players to which the fantasy contests are open.

(2) A fantasy contest operator or licensed management company shall not offer a fantasy contest that is designed, in whole or in part, to ensure that any specific fantasy contest player or players will win a prize or award, unless the fantasy contest or the prize or award, or both, is offered in connection with a promotion conducted in accordance with these rules.

(3) A fantasy contest operator or licensed management company must establish the maximum number of entries a single fantasy contest player may enter in each fantasy contest, subject to both of the following:

(a) The maximum number of entries for a given fantasy contest must be the same for all fantasy contest players.

(b) A fantasy contest operator or licensed management company must clearly and conspicuously notify a fantasy contest player of the maximum number of entries for a fantasy contest before the fantasy contest player pays an entry fee or otherwise enters or participates in the fantasy contest.

(4) Unless otherwise directed by the board, there is no prescribed limitation as to any of the following:



(a) The minimum or maximum entry fee a fantasy contest operator or licensed management company may charge for a fantasy contest.

(b) Subject to subrule (3) of this rule, the minimum or maximum number of entries a fantasy contest operator or licensed management company may allow a single fantasy contest player to enter in a fantasy contest.

(c) The minimum or maximum number of aggregate entries a fantasy contest operator or licensed management company may allow all participating fantasy contest players to enter in a fantasy contest.

(d) The minimum or maximum prize or award a fantasy contest operator or licensed management company may pay to a single winning fantasy contest player or all winning fantasy contest players in a fantasy contest.

(5) Subrule (4) of this rule does not preclude a fantasy contest operator or licensed management company from establishing its own relevant minimums or maximums for reasons considered necessary or appropriate by the fantasy contest operator or licensed management company or as otherwise required by the act and these rules.

(6) Unless otherwise approved by the board, a fantasy contest platform must provide to a fantasy contest player for review and confirmation all fantasy contest entry information, including, but not limited to, fantasy contest team selections, before a fantasy contest entry is accepted.

(7) On acceptance of a fantasy contest entry, an electronic record of the fantasy contest entry must be provided to or made available to the fantasy contest player. Unless otherwise approved by the board, the electronic record must contain the following minimum information:

(a) Unique identification number or other identifier of the fantasy contest.

(b) The date and time the fantasy contest entry was entered.

(c) The date and time the fantasy contest will begin.

(d) The date and time the fantasy contest is expected to be settled or a general statement explaining that the fantasy contest will be settled following the completion of all athletic events on which the fantasy contest is based.

(e) Identification of the individual athletes selected by the fantasy contest player to form the fantasy contest team.

(f) Identification of the athletic event or athletic events from which the statistical results of the performance of each individual athlete will be obtained for purposes of determining the fantasy contest outcome.

(g) Any special condition or conditions applying to the fantasy contest entry.

(h) Entry fee paid, including any promotional or bonus credits, if applicable.

(i) Prize or award amounts offered to winning fantasy contest players.

(8) Except as otherwise provided in these rules or applicable state or federal law, a fantasy contest operator or licensed management company must pay winning fantasy contest players following the completion of the athletic events on which the fantasy contest was based and determination of the fantasy contest outcome.

(9) A fantasy contest operator or licensed management company may only cancel an accepted fantasy contest entry if any of the following apply:

(a) If the cancellation is required under these rules, including, but not limited to, R 432.532h.

(b) If the fantasy contest operator or licensed management company determines a particular fantasy contest entry or an entire fantasy contest must be cancelled due to suspicious behavior or a concern regarding the integrity of the fantasy contest identified in accordance with R 432.534a.

(c) If the cancellation is provided for in and executed in accordance with the fantasy contest operator's or licensed management company's fantasy contest rules or terms adopted pursuant to R 432.536.

(d) If the cancellation is necessary to resolve a fantasy contest platform, fantasy contest entry, or fantasy contest error or malfunction.

(e) If the fantasy contest operator or licensed management company requests and receives prior written approval of the board to cancel the fantasy contest entry.

(10) A fantasy contest operator or licensed management company must retain records of each fantasy contest it conducts for a minimum of 3 years and must provide the records to the board on request.

R 432.532a Beginning players and highly experienced players.

Rule 532a. (1) A licensed management company must classify a fantasy contest player as a highly experienced player if the fantasy contest player has done at least 1 of the following:

(a) Entered more than 1,000 fantasy contests offered by the licensed management company.

(b) Won more than three prizes each valued at \$1,000.00 or more from the licensed management company.

(2) Once a fantasy contest player is classified as a highly experienced player by a fantasy contest operator or licensed management company, the fantasy contest player must remain classified as a highly experienced player.

(3) A fantasy contest operator or licensed management company must identify each highly experienced player by a symbol attached to the highly experienced player's username. The symbol must be clear and conspicuous to other fantasy contest players.

(4) A fantasy contest operator or licensed management company must do all of the following:

(a) Offer some fantasy contests that are open only to beginning players.

(b) Prohibit a fantasy contest player who is not a beginning player from entering a fantasy contest open only to beginning players as determined at the time of entry.

(c) Offer some fantasy contests that are open only to fantasy contest players other than highly experienced players.

(d) Prohibit a highly experienced player from entering a fantasy contest open only to fantasy contest players other than highly experienced players as determined at the time of entry.

(5) A fantasy contest operator or licensed management company must adopt introductory procedures for beginning players that must meet the following minimum conditions:

(a) The introductory procedures must be clearly and conspicuously available to a beginning player.

(b) The introductory procedures must include, but are not limited to, the following information:

- (i) Information explaining how fantasy contests are played.
- (ii) Information on how to identify highly experienced players.
- (c) The introductory procedures must provide information on how to participate in fantasy contests that are open only to beginning players as a learning experience.

R 432.532b Persons restricted from entering or participating in fantasy contests.

Rule 532b. (1) The following individuals are prohibited from entering or participating in any fantasy contest that is based, in whole or in part, on any athletic event in which the individual participates or with which the individual is otherwise affiliated, or any athletic event overseen by the sports governing body that oversees the athletic events in which the individual participates or with which the individual is otherwise affiliated:

- (a) An athlete.
- (b) A coach.
- (c) A manager.
- (d) An official.
- (e) An individual who has the authority or ability to influence the performance of an athlete in an athletic event.
- (f) An individual with access to non-public, exclusive information related to an athlete or athletic event.

(2) An employee of a sports governing body or any of its member teams, or a person that holds a 5% or greater ownership interest in a sports governing body or any of its member teams, is prohibited from entering or participating in any fantasy contest that is based, in whole or in part, on an athletic event overseen by the sports governing body or in which any of its member teams participates.

(3) Except as otherwise provided in subrules (11) and (12) of this rule, a fantasy contest operator, its owners, directors, officers, and employees, and any relative of any of these individuals living in the same household, is prohibited from entering or participating in a fantasy contest offered by the fantasy contest operator or a licensed management company that manages the day-to-day operations of the fantasy contest operator.

(4) Except as otherwise provided in subrules (11) and (12) of this rule, a licensed management company, its owners, directors, officers, and employees, and any relative of any of these individuals living in the same household, is prohibited from entering or participating in a fantasy contest offered by the licensed management company or a fantasy contest operator for which the licensed management company manages day-to-day operations.

(5) Except as otherwise provided in R 432.513a(9) and subrule (12) of this rule, a member, the executive director, a board employee, or an agent is prohibited from establishing a fantasy contest player account and from entering or participating in a fantasy contest.

(6) A fantasy contest player is prohibited from allowing another person to access or use his or her fantasy contest player account and from submitting a fantasy contest entry on behalf of another person.

(7) An individual whose fantasy contest player account is in suspended mode under R 432.548 is prohibited from entering or participating in a fantasy contest.

(8) An individual who is less than 18 years of age is prohibited from establishing a fantasy contest player account and from entering or participating in a fantasy contest.

(9) Except as otherwise directed by the board, a person that is determined by the board to be a prohibited person under R 432.511(dd)(v) is prohibited from establishing a fantasy contest player account and from entering or participating in a fantasy contest.

(10) A person is prohibited from entering or participating in a fantasy contest in any manner that violates applicable state, tribal, or federal law.

(11) A fantasy contest operator or licensed management company may offer fantasy contests that are open only to persons described in subrules (3) and (4) of this rule. Except as otherwise provided in subrule (12) of this rule, a person described in subrules (3) and (4) of this rule may only enter or participate in a fantasy contest that is open only to such persons. A person that is not a person described in subrules (3) and (4) of this rule is prohibited from entering or participating in a fantasy contest that is open only to persons described in subrules (3) and (4) of this rule.

(12) A person described in subrules (3) to (5) of this rule may enter or participate in a fantasy contest using a test account established by a fantasy contest operator or licensed management company to test the components or operation of a fantasy contest platform. Test account activity must not affect the outcome of any fantasy contest entered or participated in by fantasy contest players, the issuance of prizes or awards to fantasy contest players, or the computation of any fantasy contest adjusted revenues. Procedures for establishing and using test accounts must be addressed in the fantasy contest operator's or licensed management company's procedures and internal controls.

#### R 432.532c Exclusion of individuals.

Rule 532c. (1) A fantasy contest operator or licensed management company must implement commercially reasonable procedures and internal controls to exclude from entry or participation in fantasy contests any individual the board determines must be excluded to protect the integrity of fantasy contests under the act and these rules.

(2) An individual excluded under this rule is prohibited from establishing a fantasy contest player account and from entering or participating in fantasy contests.

(3) If the board determines an individual must be excluded under this rule, the board shall notify the individual. The notification must include the basis for the exclusion and explain that the individual is prohibited from establishing a fantasy contest player account and from entering or participating in fantasy contests offered under the act and these rules.

(4) An individual excluded under this rule may request a hearing as set forth in part 1 of these rules to contest their exclusion from fantasy contests. It is the excluded individual's responsibility to prove by clear and convincing evidence why he or she should not be excluded.

(5) Exclusion under this rule is permanent unless the board decides to rescind the exclusion. An exclusion shall only be rescinded if the board determines that the individual no longer poses a threat to the integrity of fantasy contests under the act and these rules.

(6) The board shall provide each fantasy contest operator and licensed management company with information the board considers necessary to carry out the purposes of this rule. Fantasy contest operators and licensed management companies may only use the

information to exclude individuals as required under this rule. Use of the information for any other purpose may result in disciplinary action by the board against the fantasy contest operator or licensed management company or a civil fine. Nothing in this subrule is intended to preclude the disclosure of the information pursuant to subpoena or other legal process.

R 432.532d Fantasy contest self-restriction program.

Rule 532d. (1) A fantasy contest operator or licensed management company must establish and operate a self-restriction program as prescribed in the act and these rules and as directed by the board.

(2) A fantasy contest operator or licensed management company must make its self-restriction program clearly and conspicuously available on its fantasy contest platform.

(3) A fantasy contest operator's or licensed management company's self-restriction program must include a means to allow an individual to self-restrict his or her ability to enter or participate in fantasy contests offered by the fantasy contest operator or licensed management company, subject to all of the following conditions:

(a) The means to enable self-restriction must be made available by at least 1 of the following, at a minimum:

- (i) Website or fantasy contest platform.
- (ii) Telephone.
- (iii) Online chat.

(b) An individual must be allowed to select the length of time the self-restriction will be in effect, subject to both of the following conditions:

(i) The time periods offered to or that may be selected or identified by an individual must include, at a minimum, 1 year and 5 years. A fantasy contest operator or licensed management company may offer or allow an individual to select or identify additional time periods that may include, but are not limited to, time periods of less than 1 year and lifetime self-restriction.

(ii) A self-restriction must end and must cease to be effective on the expiration of the time period selected or identified by an individual unless the individual extends or renews the self-restriction or enables a new self-restriction.

(c) Once enabled, a self-restriction must be irrevocable. A fantasy contest operator or licensed management company may allow an individual to increase the length of a self-restriction but must not allow an individual to decrease the length of or otherwise cancel a self-restriction.

(d) An individual enabling a self-restriction must agree to release all of the following from any harm, monetary or otherwise, that may arise as a consequence of the self-restriction:

- (i) This state.
- (ii) The board and its employees and agents.
- (iii) The fantasy contest operator or licensed management company, as applicable, and its officers, directors, employees, and agents.

(e) A fantasy contest operator or licensed management company must provide to an individual, before the individual enables a self-restriction, a full explanation of the self-restriction, which must include, but is not limited to, all of the following information:

- (i) The duties of the individual with respect to the self-restriction.

(ii) The duties of the fantasy contest operator or licensed management company with respect to the self-restriction.

(iii) Information explaining that the individual may not collect any prizes or awards or recover any losses resulting from entry or participation in fantasy contests during the period the self-restriction is in effect.

(iv) Information explaining that any fantasy contest entries pending at the time of the self-restriction will be cancelled and the corresponding entry fees will be refunded to the individual.

(v) A full and clear explanation of all activities the fantasy contest operator or licensed management company will restrict or prohibit the individual from engaging in during the period the self-restriction is in effect, whether in this state or any other jurisdiction, subject to all of the following conditions:

(A) During the period the self-restriction is in effect, the fantasy contest operator or licensed management company must prohibit the self-restricted individual from establishing a fantasy contest player account under the act and these rules and from entering or participating in a fantasy contest offered by the fantasy contest operator or licensed management company under the act and these rules.

(B) During the period the self-restriction is in effect, the fantasy contest operator or licensed management company may elect to restrict or prohibit the self-restricted individual from engaging in activities other than those described in subparagraph (A) of this paragraph, provided the restrictions or prohibitions are implemented only as instructed or agreed to by the self-restricted individual. This may include, but need not be limited to, restrictions or prohibitions on participation in fantasy contests conducted under the laws of another jurisdiction and restrictions or prohibitions on participating in gaming-related or other activities conducted in this state or any other jurisdiction.

(C) All restrictions and prohibitions implemented under this paragraph must end and must cease to be effective on expiration of the time period selected or identified by the self-restricted individual under subdivision (b) of this subrule unless the individual extends or renews the self-restriction or enables a new self-restriction.

(f) A completed request for a self-restriction, once received and approved by a fantasy contest operator or licensed management company, must take effect immediately or at the time that was clearly indicated to the individual requesting the self-restriction. A fantasy contest operator or licensed management company must ensure the self-restriction is correctly implemented at the time it takes effect.

(4) During the period a self-restriction is in effect under subrule (3) of this rule, a self-restricted individual is prohibited from establishing a fantasy contest player account and from entering or participating in a fantasy contest offered by a fantasy contest operator or licensed management company.

(5) A fantasy contest operator or licensed management company may offer additional notifications or self-imposed limits, or both, to fantasy contest players, which may include, but are not limited to, any of the following:

- (a) Deposit limits or notifications.
- (b) Fantasy contest entry volume limits or notifications.
- (c) Fantasy contest entry fee limits or notifications.
- (d) Loss limits or notifications.
- (e) Time-based limits or notifications.

(f) Temporary suspension of an individual's fantasy contest player account, during which time the individual must be prevented from making a deposit and entering or otherwise participating in fantasy contests offered by the fantasy contest operator or licensed management company.

(g) Any other limits or notifications the fantasy contest operator or licensed management company considers appropriate.

(6) If additional notifications or self-imposed limits, or both, are offered by a fantasy contest operator or licensed management company under subrule (5) of this rule, the fantasy contest operator or licensed management company must do all of the following:

(a) Provide fantasy contest players with an easy and obvious method to request a notification or self-imposed limit.

(b) Ensure any self-imposed limits do not override any more restrictive limits imposed by the fantasy contest operator or licensed management company.

(c) Prevent a fantasy contest player from removing or reducing the severity of a notification or self-imposed limit with less than 24 hours' notice.

(d) Provide to a fantasy contest player, before he or she enables a notification or self-imposed limit, a full explanation of the notification or self-imposed limit.

(e) Adopt commercially reasonable procedures and internal controls to implement and enforce all notifications and self-imposed limits.

(7) A fantasy contest operator or licensed management company must include on its website or fantasy contest platform a responsible gaming page that is readily accessible to each fantasy contest player throughout a fantasy contest player session. The responsible gaming page must contain, but is not limited to, all of the following:

(a) Information on playing responsibly and how to ask for assistance for compulsive gaming behavior.

(b) Educational information from a reputable mental health or addiction services organization based in the United States on identifying, monitoring, and managing compulsive gaming behavior.

(c) Information regarding resources related to compulsive gaming behavior, including, but not limited to, both of the following:

(i) At least 1 of the following compulsive gaming helplines:

(A) The Michigan Gambling Disorder Helpline administered by the Michigan department of health and human services or its successor.

(B) The National Problem Gambling Helpline operated by the National Council on Problem Gambling.

(C) Any other compulsive gaming helpline operated by a reputable organization based in the United States that is free of charge to fantasy contest players.

(ii) A direct link to at least 1 of the following:

(A) The Michigan gaming control board compulsive/problem gambling website, <https://www.michigan.gov/mgcb/0,4620,7-351-79256-231582--,00.html>.

(B) The Michigan department of health and human services problem gambling website, [https://www.michigan.gov/mdhhs/0,5885,7-339-71550\\_2941\\_74002---,00.html](https://www.michigan.gov/mdhhs/0,5885,7-339-71550_2941_74002---,00.html).

(C) Any other reputable organization based in the United States that is dedicated to helping people with compulsive gaming behavior.

(d) A clear statement of the fantasy contest operator's or licensed management company's policy and commitment to responsible gaming.

(e) Any other responsible gaming information or measures required by the board.

(8) A fantasy contest operator's or licensed management company's self-restriction program must be designed to safeguard the confidentiality of an individual's personal identifiable information.

(9) A fantasy contest operator or licensed management company must make reasonable efforts to prevent the direction of targeted advertisements to a self-restricted individual. A fantasy contest operator or licensed management company is considered to have complied with this subrule if both of the following occur:

(a) The fantasy contest operator or licensed management company removes the self-restricted individual from all targeted advertisements disseminated by or on behalf of the fantasy contest operator or licensed management company.

(b) The self-restricted individual does not receive targeted advertisements more than 30 days after the individual enabled the self-restriction.

(10) A fantasy contest operator or licensed management company may disclose the names and other identifying information of self-restricted individuals to a third party involved in disseminating advertisements on behalf of the fantasy contest operator or licensed management company for the purpose of allowing the third party to remove the self-restricted individuals from a targeted advertisement or other advertisement.

(11) A third party that obtains the names or other identifying information, or both, of self-restricted individuals from a fantasy contest operator or licensed management company is allowed to use the information only to exclude the self-restricted individuals from targeted advertisements or other advertisements disseminated on behalf of the fantasy contest operator or licensed management company. The third party to whom the information is disclosed must not distribute or disclose the information to the public or any other person. Disclosure may result in a fine or other action available to the board.

#### R 432.532e Scripts.

Rule 532e. (1) A fantasy contest player is prohibited from using any script other than an authorized script to create fantasy contest entries or enter or participate in fantasy contests.

(2) A fantasy contest operator or licensed management company must not allow and must use commercially reasonable efforts to monitor for and prevent the use of any scripts other than authorized scripts.

(3) An authorized script must be clearly and conspicuously published and made readily available to all fantasy contest players on the fantasy contest operator's or licensed management company's fantasy contest platform.

(4) A fantasy contest operator or licensed management company may elect not to provide authorized scripts and may prohibit all scripts.

#### R 432.532f Proxy servers.

Rule 532f. (1) A fantasy contest player is prohibited from using a proxy server or any other software or technology to misrepresent his or her identity or location in order to enter or participate in fantasy contests.

(2) A fantasy contest operator or licensed management company must not allow and must use commercially reasonable efforts to monitor for and prevent the use of proxy



servers and other software and technology used by a fantasy contest player to misrepresent his or her identity or location.

R 432.532g Protected information.

Rule 532g. (1) A fantasy contest operator or licensed management company must adopt commercially reasonable procedures and internal controls to prevent its owners, directors, officers, employees, agents, contractors, and third-party providers from disclosing any protected information to any third parties unless the protected information is made publicly available.

(2) A fantasy contest player is prohibited from entering or participating in any fantasy contest using any protected information that is not publicly available and was obtained in violation of subrule (1) of this rule. This subrule does not apply to a fantasy contest conducted in accordance with R 432.532b(11). If a fantasy contest operator or licensed management company conducts fantasy contests under R 432.532b(11), the fantasy contest operator or licensed management company must adopt commercially reasonable procedures and internal controls to prevent the disclosure or misuse of any material nonpublic information obtained through entry or participation in the fantasy contests.

R 432.532h Duty of fantasy contest operators and licensed management companies.

Rule 532h. (1) A fantasy contest operator or licensed management company must adopt commercially reasonable procedures and internal controls to prevent a person from establishing a fantasy contest player account if the person is prohibited from establishing a fantasy contest player account under R 432.532a to R 432.532g, subject to both of the following:

(a) If an individual has a fantasy contest player account at the time of exclusion under R 432.532c, the fantasy contest player account and funds in the account must be addressed as follows:

(i) The fantasy contest player account must be suspended, closed, or otherwise restricted so that no further deposits can be made and no further fantasy contest entries can be submitted until such time as the exclusion is no longer in effect.

(ii) Any funds remaining in the fantasy contest player account must be returned to the individual or seized as directed by the board.

(b) If an individual has a fantasy contest player account at the time of self-restriction under R 432.532d, the fantasy contest player account and funds in the account must be addressed as follows:

(i) The fantasy contest player account must be suspended, closed, or otherwise restricted so that no further deposits can be made and no further fantasy contest entries can be submitted until such time as the self-restriction is no longer in effect.

(ii) The individual must be allowed to withdraw all funds in the fantasy contest player account, except as otherwise provided in these rules or any other applicable state or federal law.

(2) A fantasy contest operator or licensed management company must adopt commercially reasonable procedures and internal controls to prevent a person from entering or participating in any fantasy contest the person is prohibited from entering or participating in under R 432.532a to R 432.532g, or from entering or participating in a

fantasy contest in any other manner in violation of R 432.532a to R 432.532g, subject to both of the following:

(a) If an individual previously submitted fantasy contest entries that are pending at the time of exclusion under R 432.532c, the fantasy contest entries must be cancelled. The corresponding entry fees must be refunded to the individual or seized as directed by the board.

(b) If an individual previously submitted fantasy contest entries that are pending at the time of self-restriction under R 432.532d, the fantasy contest entries must be cancelled and the corresponding entry fees must be refunded to the individual.

(3) A fantasy contest operator or licensed management company must take the following action regarding any person that knowingly establishes a fantasy contest player account or enters or participates in a fantasy contest in any manner in violation of R 432.532a to R 432.532g:

(a) Except as otherwise provided in subdivision (b) of this subrule, the fantasy contest operator or licensed management company must do all of the following, as applicable:

(i) Suspend the person's fantasy contest player account for a period considered appropriate by the fantasy contest operator or licensed management company.

(ii) Cancel any fantasy contest entries submitted by the person for any fantasy contest the person is prohibited from entering or participating in or that were submitted in any other manner in violation of R 432.532a to R 432.532g. The corresponding entry fees must be seized by the fantasy contest operator or licensed management company.

(iii) Seize from the person any prizes or awards obtained from entering or participating in fantasy contests the person is prohibited from entering or participating in or that were obtained from entering or participating in fantasy contests in any other manner in violation of R 432.532a to R 432.532g.

(b) If a fantasy contest operator or licensed management company detects or is notified that a prohibited person established or used a fantasy contest player account or entered or participated in a fantasy contest in violation of these rules, the fantasy contest operator or licensed management company must do all of the following:

(i) Suspend and immediately prohibit access to the fantasy contest player account established by the prohibited person or used by the prohibited person to submit any fantasy contest entry or entries or participate in any fantasy contest. Any funds remaining in the fantasy contest player account must be seized by the fantasy contest operator or licensed management company.

(ii) Cancel any fantasy contest entries that were submitted by the prohibited person and are pending at the time the fantasy contest operator or licensed management company detects or is notified that the person is a prohibited person. The corresponding entry fees must be seized by the fantasy contest operator or licensed management company.

(iii) Seize from the prohibited person any prizes or awards obtained from entering or participating in fantasy contests in violation of these rules.

(iv) Maintain records related to the incident and all action taken under this subdivision. The fantasy contest operator or licensed management company must provide a written notice to the board, by the fifteenth day of each month, summarizing all incidents and action taken under this subdivision during the previous month.

(c) The action may include any other action considered appropriate by the fantasy contest operator or licensed management company or directed by the board, which may include, but is not limited to, temporarily or permanently restricting the person's ability to enter or participate in fantasy contests offered by the fantasy contest operator or licensed management company.

(4) The procedures and internal controls of a fantasy contest operator or licensed management company must contain procedures for both of the following:

(a) The maintenance of sufficient information about any fantasy contest player's or other person's activity, such that if a fantasy contest player or other person is discovered to be using a fantasy contest player account or entering or participating in fantasy contests in a fraudulent manner or in any other manner in violation of these rules, the fantasy contest operator or licensed management company and the board have all necessary information to take appropriate action.

(b) The processing of any prizes, awards, entry fees, and other amounts seized from a person under this rule.

(5) For purposes of this rule, a fantasy contest entry is considered pending if the outcome of the fantasy contest in which the fantasy contest entry was entered has not yet been determined.

#### R 432.533 Advertisements.

Rule 533. (1) Any advertisements disseminated by or on behalf of a fantasy contest operator or licensed management company must satisfy all of the following:

(a) Be based on fact.

(b) Accurately depict any representations made concerning entry or participation in fantasy contests.

(c) Include information on playing responsibly and seeking assistance for compulsive gaming behavior or direct individuals to a reputable source for this information. If an advertisement is not of sufficient size or duration to reasonably allow for inclusion of this information, the advertisement must refer to a website or fantasy contest platform that does prominently include this information.

(d) Clearly and conspicuously state all material or limiting rules, terms, or conditions or provide a reference to the fantasy contest operator's or licensed management company's fantasy contest website or fantasy contest platform where all material or limiting rules, terms, or conditions may be found. The referenced material must be publicly available and must state all rules, terms, or conditions clearly and conspicuously.

(2) Any advertisements disseminated by or on behalf of a fantasy contest operator or licensed management company must not do any of the following:

(a) Employ false, deceptive, or misleading advertising techniques.

(b) Contain false, deceptive, or misleading information.

(c) Include or involve targeted advertisements directed to either of the following:

(i) Self-restricted individuals.

(ii) Individuals who are less than 18 years of age.

(d) Portray entry or participation in fantasy contests by anyone who is less than 18 years of age.

(e) Prominently depict anyone who is less than 18 years of age, except for an athlete in an athletic event who may be less than 18 years of age.

- (f) Depict or imply the endorsement of any high school or youth sporting league, event, team, or athlete.
- (g) Be disseminated in any publication or through any other medium whose target demographic is exclusively or primarily individuals who are less than 18 years of age.
- (h) Depict any fantasy contests that do not comply with the act and these rules.

(3) If the board determines that any advertisement disseminated by or on behalf of a fantasy contest operator or licensed management company violates this rule or could adversely impact the public or the integrity of fantasy contests, the board may direct the fantasy contest operator or licensed management company in writing to discontinue use of the advertisement in this state and may take any other action available to the board. On receipt of a written notice from the board directing discontinuance of an advertisement, the fantasy contest operator or licensed management company must discontinue use of the advertisement in this state as expeditiously as possible.

(4) A fantasy contest operator or licensed management company must retain a copy of each advertisement for at least 3 years from the date of the last use of the advertisement and must retain records to identify where and how the advertisement was communicated, published, or otherwise disseminated. The fantasy contest operator or licensed management company must provide the advertisement copies and records to the board on request.

(5) A fantasy contest operator or licensed management company must not use an affiliate marketer that promotes or markets, or both, any of the following to individuals in this state:

(a) Illegal fantasy contest sites that are not licensed, approved, or otherwise lawfully allowed to accept fantasy contest entries from customers located in this state or another state.

(b) Illegal online gaming sites including, but not limited to, illegal internet gaming sites, illegal internet sports betting sites, and illegal advance deposit wagering sites. An illegal online gaming site is an online gaming site that is not licensed, approved, or otherwise lawfully allowed to accept internet wagers, internet sports betting wagers, or advance deposit wagers, as applicable, from customers located in this state or another state.

#### R 432.534 Bank secrecy act compliance.

Rule 534. (1) A fantasy contest operator or licensed management company must comply with all provisions of 31 USC 5311 to 5336, commonly referred to as the bank secrecy act, that are applicable to the fantasy contest operator's or licensed management company's fantasy contest operations.

(2) A fantasy contest operator or licensed management company must maintain, for a minimum of 3 years, records related to its compliance with all provisions of 31 USC 5311 to 5336 that are applicable to the fantasy contest operator's or licensed management company's fantasy contest operations. The fantasy contest operator or licensed management company must provide the records to the board and any appropriate law enforcement agencies on request consistent with the authorization prescribed in provisions of 31 USC 5311 to 5336 and related regulations that are applicable to the fantasy contest operator's or licensed management company's fantasy contest operations.

(3) A fantasy contest operator or licensed management company must provide a written notice to the board as soon as the fantasy contest operator or licensed management company becomes aware of a compliance review that is conducted by the Internal Revenue Service under 31 USC 5311 to 5336 and involves or impacts the fantasy contest operator's or licensed management company's fantasy contest operations. The fantasy contest operator or licensed management company must provide a copy of the compliance review report or the equivalent to the board within 10 days of the receipt of the report by the fantasy contest operator or licensed management company.

(4) This rule applies to a fantasy contest operator or licensed management company only to the extent to which any provisions of 31 USC 5311 to 5336 apply to the fantasy contest operator's or licensed management company's fantasy contest operations.

R 432.534a Integrity monitoring and suspicious behavior.

Rule 534a. (1) A fantasy contest operator or licensed management company must employ personnel responsible for ensuring the proper operation and integrity of fantasy contests and reviewing and addressing all reports of suspicious behavior including, but not limited to, all of the following:

- (a) Any person entering or participating in a fantasy contest who is engaging in or attempting to engage in, or who is reasonably suspected of, cheating, theft, embezzlement, collusion, use of funds derived from illegal activity, money laundering, or any other illegal activities.
- (b) Any person that is reasonably suspected of misrepresenting their identity or using false identification to establish or attempt to establish a fantasy contest player account.
- (c) Suspected criminal activity related to any aspect of fantasy contests.
- (d) Any unusual or suspicious fantasy contest activity or patterns that indicate a concern regarding the integrity of a fantasy contest or fantasy contest platform. This includes, but is not limited to, unusual or suspicious fantasy contest activity or patterns that cannot be explained and are indicative of any of the following:
  - (i) Match-fixing.
  - (ii) The manipulation of an athletic event.
  - (iii) Misuse of inside information.
  - (iv) A potential breach of a sports governing body's internal rules or code of conduct pertaining to fantasy contests.
  - (v) Any other conduct that corrupts the outcome of an athletic event.
- (e) Any other conduct that corrupts the outcome of a fantasy contest.
- (f) Any activity or fantasy contests that violate any applicable state or federal law.

(2) A licensed management company must promptly notify any affected fantasy contest operators for which it manages day-to-day fantasy contest operations of any suspicious behavior or issues impacting the integrity of fantasy contests.

(3) If the board receives information regarding the integrity of athletic events on which fantasy contests are based, the board may, to the extent allowed or provided for in the act and these rules, share the information with a fantasy contest operator, licensed management company, sports governing body, sports team, law enforcement entity, regulatory agency, or other person the board considers appropriate.

(4) A fantasy contest operator or licensed management company must maintain the confidentiality of information provided by a sports governing body to the fantasy contest operator or licensed management company related to suspicious behavior or the integrity of an athletic event, unless disclosure is required by the board, any applicable law, or a lawful order of a court.

(5) A fantasy contest operator or licensed management company must maintain records demonstrating its compliance with this rule, including all reports of suspicious behavior and any supporting documentation, for not less than 3 years and must provide the records to the board on request.

#### R 432.535 Fantasy contest player complaints.

Rule 535. (1) A fantasy contest operator or licensed management company must include on its fantasy contest platform a clear mechanism to advise fantasy contest players of their right to make a complaint against the fantasy contest operator, licensed management company, or another fantasy contest player, including information explaining how complaints can be filed and how complaints are resolved.

(2) A fantasy contest operator or licensed management company must attempt to resolve all complaints with the fantasy contest player.

(3) A fantasy contest operator or licensed management company must investigate each complaint and provide a response to the fantasy contest player within 10 calendar days of receipt of the complaint.

(4) The complaint and the fantasy contest operator's or licensed management company's response must be made in writing, which may include, but is not limited to, mail, email, and logged internet chat.

(5) A fantasy contest operator or licensed management company must maintain records related to fantasy contest player complaints for a minimum of 3 years and must provide the records to the board on request.

#### R 432.535a Fantasy contest player funds.

Rule 535a. (1) A fantasy contest operator or licensed management company must do 1 of the following:

(a) Segregate deposits in fantasy contest player accounts and other fantasy contest player funds from operational money of the fantasy contest operator or licensed management company. The segregated funds must be maintained in a United States bank account.

(b) Maintain a reserve that meets all of the following conditions:

(i) The reserve must be in 1 of the following forms:

(A) Cash or cash equivalents maintained in a United States bank account segregated from the fantasy contest operator's or licensed management company's operational funds.

(B) An irrevocable letter of credit.

(C) A bond.

(D) Any combination of the allowable forms described in subparagraph (A) to (C) of this paragraph.

(ii) The aggregate amount of the reserve must exceed the total dollar value of deposits in fantasy contest player accounts and other fantasy contest player funds.

(iii) The reserve must not be used for operational activities of the fantasy contest operator or licensed management company.

(2) Unless otherwise approved by the board, the segregated funds or reserve required under subrule (1) of this rule must be maintained by or otherwise under the control of the fantasy contest operator or licensed management company or an independent special purpose entity established by the fantasy contest operator or licensed management company or an affiliate of the fantasy contest operator or licensed management company to hold the funds.

(3) A fantasy contest operator or licensed management company must ensure that fantasy contest player funds are shielded from creditors other than fantasy contest players for whose benefit and protection the segregation or reserve required under subrule (1) of this rule is established.

(4) Funds held in fantasy contest player accounts must not be automatically transferred by a fantasy contest operator or licensed management company. A fantasy contest operator or licensed management company must not require a fantasy contest player to transfer funds from his or her fantasy contest player account in order to circumvent this rule.

(5) A fantasy contest operator or licensed management company must have access to all fantasy contest player account and transaction data to ensure the amount of its segregated funds or reserve is sufficient.

(6) The board may audit a fantasy contest operator's or licensed management company's segregated funds or reserve at any time and may direct a fantasy contest operator or licensed management company to take any action necessary to ensure the purposes of this rule are achieved, including, but not limited to, requiring the fantasy contest operator or licensed management company to modify the form of its reserve or increase the amount of its segregated funds or reserve.

R 432.535b Negative fantasy contest player account balance prohibited.

Rule 535b. A fantasy contest platform must employ a mechanism that can detect and prevent any fantasy contest entries or withdrawals initiated by a fantasy contest player that would result in a negative balance of the fantasy contest player account.

R 432.536 Fantasy contest rules or terms.

Rule 536. (1) A fantasy contest operator or licensed management company must establish clear and conspicuous rules or terms for each fantasy contest it offers. The rules or terms must address all of the following, at a minimum:

(a) Unique identification number or other identifier of the fantasy contest.

(b) Entry fee amount.

(c) Rules and terms regarding fantasy contest team selection, including, but not limited to, all of the following:

(i) The athletic events on which the fantasy contest is based and from which a fantasy contest player may select individual athletes.

(ii) The number of athletes a fantasy contest player must select to form the fantasy contest team.

(iii) Any requirements or restrictions regarding the type, position, or other characteristics of the athletes a fantasy contest player must select.

(iv) Any other information a fantasy contest player may need to assemble a fantasy contest team.

(d) An explanation of how winning outcomes reflecting the relative knowledge and skill of fantasy contest players are determined, including, but not limited to, all of the following:

(i) A description of the statistical results of the performance of multiple individual athletes that will determine the outcome of the fantasy contest.

(ii) An explanation of how the statistical results will be aggregated.

(iii) An explanation of how the statistical results correspond with the actual performance of the athletes in the athletic events in which they will participate.

(e) Prize or award amounts, which must be made known to fantasy contest players in advance of the fantasy contest, and a description of the process for calculating and paying prizes or awards, including non-cash or non-cash equivalent prizes or awards. Prizes or awards stipulated in the rules or terms must be available and must be demonstrated on request of the board.

(f) The maximum number of entries each fantasy contest player may submit as required under R 432.532(3).

(g) Any other restrictions regarding the minimum or maximum number of fantasy contest entries that may be submitted by a single fantasy contest player or all fantasy contest players in the fantasy contest.

(h) The date and time the fantasy contest will begin.

(i) The date and time the fantasy contest is expected to be settled or a general statement explaining that the fantasy contest will be settled following the completion of all athletic events on which the fantasy contest is based.

(j) An explanation of when the fantasy contest locks and when no further fantasy contest entries, substitutions, or modifications can be made.

(k) What is to occur when any athletic event or component of an athletic event on which the fantasy contest is based is canceled, rescheduled, suspended, or shortened.

(l) A description of the process for handling incorrectly posted fantasy contests or fantasy contest results.

(m) A policy by which the fantasy contest operator or licensed management company can cancel a fantasy contest due to an obvious error in the setup or parameters of the fantasy contest, which must include a definition and procedures for obvious errors.

(n) How entry fees will be returned to fantasy contest players in the event a fantasy contest is cancelled after entry fees have been paid and what is to occur if any entry fees cannot be returned to a fantasy contest player.

(o) A description of persons who are prohibited or restricted from entering or participating in the fantasy contest in accordance with the act and these rules.

(p) Any other rules or terms required by the board.

(2) The rules or terms for each fantasy contest must be clearly and conspicuously displayed on the fantasy contest operator's or licensed management company's fantasy contest platform in a manner that enables a fantasy contest player to read the rules or terms for a fantasy contest before the fantasy contest player pays an entry fee or otherwise enters or commences participation in the fantasy contest.

(3) A fantasy contest operator or licensed management company must enforce and comply with the rules or terms applicable to each fantasy contest.



(4) A fantasy contest operator or licensed management company must not alter the rules or terms established for a fantasy contest after any fantasy contest player has entered or commenced participation in the fantasy contest.

(5) A fantasy contest operator or licensed management company must maintain copies of the rules or terms applicable to each fantasy contest for a minimum of 3 years following completion of the fantasy contest. The fantasy contest operator or licensed management company must provide the rules or terms to the board on request.

#### R 432.537 Tournaments, bonuses, and promotions.

Rule 537. (1) A fantasy contest operator or licensed management company may conduct a fantasy contest tournament subject to applicable provisions of the act and these rules. A fantasy contest operator or licensed management company must maintain a record of each fantasy contest tournament it offers that addresses, at a minimum, all of the following:

- (a) Athletic events on which the fantasy contest tournament is based.
- (b) Rules concerning tournament play and participation.
- (c) Entry fee amount or amounts per participant.
- (d) Prizes or awards.
- (e) Methodology for determining the winner or winners.

(2) A fantasy contest operator or licensed management company may offer bonuses and promotions related to fantasy contests, subject to all of the following:

(a) A fantasy contest operator or licensed management company must maintain records of all bonus and promotional offers for a minimum of 3 years and must provide the records to the board on request.

(b) All bonus and promotional offers must be stated in clear and unambiguous terms and must be accessible by a fantasy contest player at both of the following times:

- (i) Before the offer is accepted.
- (ii) After the offer is accepted and before completion.

(c) Bonus and promotional offer terms and the record of all offers must include, but are not limited to, all of the following:

- (i) The date and time the offer is active and expires.
- (ii) Fantasy contest player eligibility requirements, including any limitations on participation.
- (iii) Any restriction on withdrawals of funds.
- (iv) Entry fee requirements and limitations by fantasy contest type.
- (v) The order in which funds are used for entry fees.
- (vi) Eligible fantasy contests.
- (vii) Rules regarding cancellation.

(d) Once a fantasy contest player has met the terms of a bonus or promotional offer, a fantasy contest operator or licensed management company must not limit prizes or awards earned while participating in the offer.

(e) A bonus or promotion must not include or involve targeted advertisements directed to either of the following:

- (i) Self-restricted individuals.
- (ii) Individuals who are less than 18 years of age.

R 432.538 Kiosks, places of public accommodation, and private clubs.

Rule 538. A fantasy contest operator allowed under section 8(2) of the act, MCL 432.508, to offer fantasy contests on, at, or from a kiosk or machine, a place of public accommodation, or a facility owned, operated, or occupied by a private club, association, or similar membership-based organization must meet all standards and requirements for the fantasy contests as prescribed by the board.

R 432.539 Geolocation.

Rule 539. (1) In order to determine the location of a fantasy contest player for purposes of identifying in-state participants and calculating the in-state percentage, a fantasy contest operator or licensed management company must utilize a geolocation system to reasonably detect and accurately pinpoint the physical location of a fantasy contest player each time a fantasy contest operator or licensed management company collects an entry fee from the fantasy contest player or otherwise allows a fantasy contest player to enter a fantasy contest.

(2) In order to prevent the unauthorized use of a fantasy contest player account, the geolocation system must be equipped to monitor for and block attempts to enter or participate in fantasy contests by any single account from geographically inconsistent locations.

(3) A fantasy contest operator or licensed management company may use a third party to provide the geolocation system.

(4) Unless otherwise directed by the board, all geolocation systems must meet technical specifications and requirements that are generally accepted in the fantasy contest industry in the United States.

#### PART 4. FANTASY CONTEST PLAYER ACCOUNTS

R 432.541 Single account in use for fantasy contests

Rule 541. (1) A fantasy contest operator or licensed management company shall limit each fantasy contest player to 1 fantasy contest player account and username. Each fantasy contest player account must meet all of the following requirements:

(a) Be non-transferable.

(b) Be unique to the fantasy contest player who establishes the fantasy contest player account.

(2) A fantasy contest operator or licensed management company must implement commercially reasonable procedures and internal controls intended to accomplish both of the following:

(a) Prevent an individual from establishing more than 1 username or more than 1 fantasy contest player account, whether directly or by use of another person as a proxy.

(b) Terminate all excess accounts of any individual who establishes or seeks to establish more than 1 username or more than 1 fantasy contest player account, whether directly or by use of another person as a proxy.

R 432.541a Age and identity verification.

Rule 541a. (1) A fantasy contest operator or licensed management company must verify an individual's age and identity before allowing that individual to create a fantasy contest player account and do either of the following, whichever occurs first:

- (a) Make a deposit.
- (b) Enter or participate in a fantasy contest.

(2) Age and identity verification must be performed using either of the following methods:

(a) Reliable forms of personal identification specified in the fantasy contest operator's or licensed management company's procedures and internal controls.

(b) Other methodology for remote multi-source authentication, which may include third-party and governmental databases.

(3) Third-party service providers may be used for age and identity verification of an individual attempting to create a fantasy contest player account and make a deposit or enter or participate in a fantasy contest.

(4) A fantasy contest operator or licensed management company must record both of the following:

(a) The date of age and identity verification.

(b) The method and process used to verify the individual's age and identity. The fantasy contest operator or licensed management company must maintain sufficient records to demonstrate that age and identity verification was performed in accordance with applicable requirements of the act and these rules.

(5) A fantasy contest operator or licensed management company must periodically re-verify a fantasy contest player's identity upon reasonable suspicion that the fantasy contest player's identity has been compromised.

R 432.541b Data security of age and identity verification information.

Rule 541b. Details of the age and identity verification process must be maintained by the fantasy contest operator or licensed management company in a secure manner consistent with security standards generally accepted in the fantasy contest industry in the United States.

R 432.541c Fantasy contest player account classification.

Rule 541c. Unless otherwise determined by the board, both of the following apply to the classification of fantasy contest player accounts:

(a) An account that can be used only to conduct games or activities other than fantasy contests, as that term is defined in section 2 of the act, MCL 432.502, is not considered a fantasy contest player account and is not subject to requirements of the act and these rules related to fantasy contest player accounts, except as otherwise determined by the board. This may include, but is not limited to, an account that can be used only to conduct games or activities that are similar to fantasy contests but that lack an entry fee.

(b) A fantasy contest operator or licensed management company may elect to delay classification of an account as a fantasy contest player account until such time as the individual account holder requests to make his or her first deposit or attempts to enter or participate in his or her first fantasy contest, whichever occurs first, subject to all of the following conditions:

(i) The point at which the account is classified as a fantasy contest player account is considered the point at which the fantasy contest player account is established or created for purposes of the act and these rules.

(ii) The fantasy contest operator or licensed management company must adopt commercially reasonable procedures and internal controls to ensure that all applicable requirements of the act and these rules are met before allowing the individual to make his or her first deposit or enter or participate in his or her first fantasy contest, whichever occurs first. This includes, but is not limited to, commercially reasonable procedures and internal controls designed to ensure all of the following:

(A) A person that is prohibited from establishing a fantasy contest player account under the act and these rules is prevented from establishing a fantasy contest player account, from making a deposit, and from entering or participating in a fantasy contest. This includes, but is not limited to, a person prohibited from establishing a fantasy contest player account under R 432.532a to R 432.532g.

(B) A person is prevented from entering or participating in any fantasy contest the person is prohibited from entering or participating in under the act and these rules, including, but not limited to, R 432.532a to R 432.532g.

(C) An individual is limited to a single, non-transferrable, and unique fantasy contest player account in accordance with R 432.541.

(D) An individual's age and identity are verified in accordance with R 432.541a before the individual is allowed to create a fantasy contest player account.

(E) An individual agrees to the terms and conditions established under R 432.542 before establishing a fantasy contest player account.

(F) Compliance with all requirements of R 432.544.

(G) A fantasy contest player is prevented from transferring funds from his or her fantasy contest player account to an account that is not classified as a fantasy contest player account under this subrule, whether the account is held by the fantasy contest player or another individual.

(iii) An account must be classified as a fantasy contest player account and must meet applicable requirements of the act and these rules before it can be used to enter or participate in any tournament, bonus, or promotion involving fantasy contests.

(iv) Once an account is classified as a fantasy contest player account, it must remain classified as a fantasy contest player account.

(v) The fantasy contest operator or licensed management company must meet any other conditions considered appropriate by the board.

R 432.542 Terms and conditions for fantasy contest player accounts.

Rule 542. (1) All terms and conditions for fantasy contest player accounts must be included in the procedures and internal controls of the fantasy contest operator or licensed management company and must address all aspects of fantasy contests including, but not limited to, all of the following:

(a) Name of the party or parties with whom the individual is entering into a contractual relationship, including any fantasy contest operator or licensed management company.

(b) Individual's consent to have the fantasy contest operator or licensed management company confirm the individual's age and identity.

(c) Rules and obligations applicable to the fantasy contest player, including, but not limited to, all of the following:

- (i) Prohibition from allowing any other individual to access or use his or her fantasy contest player account.
- (ii) Prohibition from submitting a fantasy contest entry on behalf of any other person.
- (iii) Consent to the jurisdiction of this state to resolve any disputes arising out of fantasy contest activity conducted under the act and these rules.
- (iv) Prohibition against the use of scripts other than authorized scripts.
- (v) Prohibition against the use of proxy servers or any other software or technology to misrepresent his or her identity or location in order to enter or participate in fantasy contests.
- (vi) Prohibition against establishing or seeking to establish more than 1 username or more than 1 fantasy contest player account, whether directly or by use of another person as a proxy, including notice that all excess accounts of an individual who violates this condition will be terminated.
- (d) Full explanation of all service and other transaction-related charges imposed upon a fantasy contest player related to fantasy contests.
- (e) Availability of a fantasy contest player account statement and a fantasy contest player's playing history.
- (f) Privacy policies, including information access.
- (g) Legal age policy, including a statement that fantasy contest players are prohibited from facilitating an individual under the age of 18 to enter or participate in fantasy contests.
- (h) Full explanation of all rules applicable to dormant fantasy contest player accounts.
- (i) Fantasy contest player's right to irrevocably restrict his or her ability to enter or participate in fantasy contests and to select the length of time the restriction will be in effect in accordance with R 432.532d.
- (j) Fantasy contest player's right to enable any other notifications or self-imposed limits available under the fantasy contest operator's or licensed management company's self-restriction program operated pursuant to R 432.532d, if applicable.
- (k) Fantasy contest player's right to suspend his or her fantasy contest player account for a period of no less than 72 hours.
- (l) Actions that will be taken if a fantasy contest player becomes disconnected from the fantasy contest platform during fantasy contest play.
- (m) Notice that a malfunction voids all erroneous or incorrect prizes and awards.
- (n) Estimated time period for withdrawal of funds from a fantasy contest player account.

(2) If the fantasy contest player account terms and conditions are changed, the fantasy contest operator or licensed management company shall require the fantasy contest player to acknowledge acceptance of the change. Unless otherwise authorized by the board, the fantasy contest player's acknowledgement must be date and time stamped.

R 432.543 Fantasy contest player protections.

Rule 543. A fantasy contest operator or licensed management company must provide a fantasy contest player protection page that must be readily accessible to each fantasy contest player. The fantasy contest player protection page must be accessible to a fantasy contest player throughout a fantasy contest player session. The fantasy contest player protection page must contain, at a minimum, all of the following:

(a) Method for changing or retrieving a password or other access security feature and the ability to choose strong authentication login protection.

(b) Method for filing a complaint with the fantasy contest operator or licensed management company in accordance with R 432.535.

(c) Method for obtaining a copy of the fantasy contest terms and conditions agreed to when establishing a fantasy contest player account.

(d) Method for the fantasy contest player to obtain his or her account history and playing history.

(e) Notification that underage entry or participation in fantasy contests is prohibited and that anyone who facilitates an individual under the age of 18 to enter or participate in a fantasy contest will be subject to action in accordance with R 432.532h.

(f) Notification that the fantasy contest player is responsible for configuring the auto-lock feature of his or her computer or other device to protect the computer or other device from unauthorized use.

(g) Notification that a fantasy contest player is prohibited from allowing any other person to access or use his or her fantasy contest player account.

(h) Notification that a fantasy contest player is prohibited from submitting a fantasy contest entry on behalf of any other person.

(i) Information about the fantasy contest operator's or licensed management company's self-restriction program operated pursuant to R 432.532d, including, but not limited to, the following:

(i) Information about potential risks associated with excessive entry or participation in fantasy contests and where to seek assistance for compulsive gaming behavior.

(ii) The method for a fantasy contests player or other individual to irrevocably restrict his or her ability to enter or participate in fantasy contests and to select the length of time the restriction will be in effect.

(iii) Information about any other notifications or self-imposed limits available under the fantasy contest operator's or licensed management company's self-restriction program, if applicable, including information on how to invoke those notifications or self-imposed limits.

(j) Mechanisms in place for a fantasy contest player to detect unauthorized use of his or her fantasy contest player account, such as the fantasy contest player reviewing credit card statements against known deposits.

(k) Other fantasy contest player protections prescribed by the board.

R 432.544 Fantasy contest player account requirements.

Rule 544. To establish a fantasy contest player account, a fantasy contest operator or licensed management company must do all of the following:

(a) Create an electronic fantasy contest player file that must include, but is not limited to, all of the following:

- (i) The fantasy contest player's legal name.
- (ii) The fantasy contest player's date of birth.
- (iii) The fantasy contest player's fantasy contest account number or username.
- (iv) The fantasy contest player's residential address. A post office box is not acceptable.
- (v) The fantasy contest player's email address.
- (vi) The method and process used to verify the fantasy contest player's age and identity, including sufficient records to demonstrate that age and identity verification was performed in accordance with applicable requirements of the act and these rules.
- (vii) The date of verification of the fantasy contest player's age and identity.
- (b) Encrypt all of the following information maintained electronically by the fantasy contest operator or licensed management company:
  - (i) If collected and maintained, any portion of the fantasy contest player's Social Security number or equivalent identification number for a noncitizen fantasy contest player, such as a passport or taxpayer identification number.
  - (ii) The fantasy contest player's password or other access security feature.
  - (iii) The fantasy contest player's personal or financial information.
- (c) Verify the fantasy contest player's age and identity in accordance with R 432.541a.
- (d) Require the fantasy contest player to establish a password or other access security feature and advise the fantasy contest player to utilize strong authentication login protection.
- (e) Record the fantasy contest player's acceptance of the terms and conditions for the fantasy contest player account adopted under R 432.542. Unless otherwise authorized by the board, the fantasy contest player's acceptance must be date and time stamped.
- (f) Record the fantasy contest player's certification that the information provided to the fantasy contest operator or licensed management company is accurate.
- (g) Record the fantasy contest player's acknowledgment that the legal age to enter or participate in a fantasy contest is 18, that he or she is prohibited from allowing any other person to access or use his or her fantasy contest player account, and that he or she is prohibited from submitting a fantasy contest entry on behalf of any other person.
- (h) Notify the fantasy contest player of the establishment of the fantasy contest player account via electronic mail.

#### R 432.544a Fantasy contest player account funding.

Rule 544a. A fantasy contest player's fantasy contest player account may be funded through the use of any of the following:

- (a) A fantasy contest player's credit or debit card.
- (b) A fantasy contest player's deposit of cash or cash equivalents at a physical location at which a fantasy contest operator or licensed management company accepts deposits directly or at which a third-party payment processor accepts deposits on behalf of a fantasy contest operator or licensed management company. Procedures governing transactions conducted at the physical location must be addressed in the fantasy contest operator's or licensed management company's procedures and internal controls.
- (c) A fantasy contest player's reloadable prepaid card that is verified as being issued to the fantasy contest player and is non-transferable.
- (d) Promotional credit.

- (e) Prizes or awards.
- (f) Adjustments made by the fantasy contest operator or licensed management company with documented notification to the fantasy contest player.
- (g) Automated clearing house (ACH) deposit, provided that the fantasy contest operator or licensed management company has implemented security measures and procedures and internal controls to prevent ACH fraud regarding failed ACH deposits.
- (h) Wire transfer.
- (i) A fantasy contest operator's or licensed management company's issuance of credit to a fantasy contest player. Procedures for the issuance of credit must be addressed in the fantasy contest operator's or licensed management company's procedures and internal controls.
- (j) Any other means approved by the board.

#### R 432.544b Failed ACH deposits.

Rule 544b. A fantasy contest operator or licensed management company must implement commercially reasonable procedures and internal controls to address failed ACH deposits, subject to both of the following conditions:

- (a) A failed ACH deposit attempt is not considered fraudulent if the fantasy contest player has successfully deposited funds via an ACH transfer on a previous occasion with no outstanding chargebacks.
- (b) A fantasy contest operator or licensed management company must investigate any failed ACH deposit the fantasy contest operator or licensed management company considers potentially fraudulent. If a failed ACH deposit is deemed fraudulent, the fantasy contest operator or licensed management company must immediately suspend the fantasy contest player account in accordance with R 432.548.

#### R 432.544c Transfer of funds prohibited.

Rule 544c. A fantasy contest operator or licensed management company must not allow a fantasy contest player to transfer funds from his or her fantasy contest player account to any other fantasy contest player account or other wagering account belonging to another fantasy contest player or individual.

#### R 432.544d Fantasy contest player account withdrawal.

Rule 544d. (1) A fantasy contest player must be allowed to withdraw the funds maintained in his or her fantasy contest player account, whether the account is open or closed, except as otherwise provided in these rules or any applicable state or federal law.

(2) A fantasy contest operator or licensed management company must honor the fantasy contest player's request to withdraw funds within 10 business days after the request, unless the conditions set forth in subrule (3) of this rule are met.

(3) The fantasy contest operator or licensed management company may decline to honor a fantasy contest player's request to withdraw funds only if the fantasy contest operator or licensed management company believes in good faith that the fantasy contest player engaged in either fraudulent conduct or other conduct that would put the fantasy contest operator or licensed management company in violation of the act and these rules or any other applicable state or federal law. In such cases, the fantasy contest operator or licensed management company must do all of the following:



(a) Provide notice to the fantasy contest player of the nature of the investigation of the fantasy contest player account.

(b) Conduct its investigation in a reasonable and expedient fashion, providing the fantasy contest player additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the fantasy contest player.

(4) For purposes of this rule, a request for withdrawal is considered honored if it is processed by the fantasy contest operator or licensed management company notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.

#### R 432.544e Fantasy contest player account review requirements.

Rule 544e. All adjustments to fantasy contest player accounts for amounts of \$500.00 or less must be periodically reviewed by supervisory personnel as set forth in the fantasy contest operator's or licensed management company's procedures and internal controls. All other adjustments must be authorized by supervisory personnel before being entered.

#### R 432.545 Fantasy contest player account and playing history.

Rule 545. (1) A fantasy contest operator or licensed management company shall provide a fantasy contest player access to the fantasy contest player's playing history that must include, but is not limited to, a summary of entry fees expended, fantasy contests played, previous lineups, and prizes awarded.

(2) A fantasy contest platform must provide an account statement with fantasy contest player account details to a fantasy contest player on demand, which must include detailed account activity for at least 6 months. In addition, a fantasy contest platform must, upon request, be capable of providing a summary statement of fantasy contest player account activity for at least the past 2 years.

#### R 432.546 Fantasy contest player account closure.

Rule 546. A fantasy contest operator or licensed management company must provide a conspicuous and readily accessible method for a fantasy contest player to close his or her fantasy contest player account through the account management page or a similar page or through the fantasy contest operator's or licensed management company's customer support team. Any balance remaining in a fantasy contest player account closed by a fantasy contest player must be refunded pursuant to the fantasy contest operator's or licensed management company's procedures and internal controls.

#### R 432.547 Fantasy contest player dormant accounts.

Rule 547. A fantasy contest operator or licensed management company shall consider a fantasy contest player account to be dormant if the fantasy contest player has not logged into the fantasy contest player account for at least 3 years. A dormant fantasy contest player account must be closed by the fantasy contest operator or licensed management company. Any balance remaining in a dormant fantasy contest player account must be refunded or escheated in accordance with the fantasy contest operator's or licensed management company's procedures and internal controls.

R 432.548 Suspension and restoration of fantasy contest player accounts.

Rule 548. (1) A fantasy contest operator or licensed management company must employ a mechanism that places a fantasy contest player account in a suspended mode under any of the following conditions:

- (a) When requested by the fantasy contest player for a specified period of time, which must not be less than 72 hours.
- (b) When required by the board.
- (c) Upon a determination that a fantasy contest player is a prohibited person.
- (d) If the fantasy contest player has committed a violation of the act or these rules.
- (e) When initiated by a fantasy contest operator or licensed management company that has evidence that indicates any of the following:
  - (i) Illegal or fraudulent activity.
  - (ii) A negative fantasy contest player account balance.
  - (iii) A violation of the fantasy contest player account terms and conditions on the fantasy contest player account.

(2) When a fantasy contest player account is in a suspended mode, the fantasy contest platform must do all of the following:

- (a) Prevent the fantasy contest player from entering or participating in fantasy contests or paying any entry fee.
  - (b) Prevent the fantasy contest player from depositing funds unless the account is suspended due to having a negative fantasy contest player account balance but only to the extent the fantasy contest player account balance is brought back to zero dollars.
  - (c) Prevent the fantasy contest player from withdrawing funds from his or her suspended account, unless the suspended mode was initiated by the fantasy contest player.
  - (d) Prevent the fantasy contest player from making changes to his or her fantasy contest player account.
  - (e) Prevent the removal of the fantasy contest player account from the fantasy contest platform.
  - (f) Prominently display to the fantasy contest player that the fantasy contest player account is in a suspended mode, the restrictions placed on the fantasy contest player account, and any further course of action needed to remove the suspended mode.
- (3) A suspended account may be restored for any of the following reasons:
- (a) Upon expiration of the time period established by the fantasy contest player.
  - (b) If authorized by the board.
  - (c) When the fantasy contest player is no longer a prohibited person.
  - (d) When the fantasy contest operator or licensed management company has lifted the suspended status.

## PART 5. PROCEDURES AND INTERNAL CONTROLS; AUDIT

R 432.551 Fantasy contest operator and licensed management company procedures and internal controls.

Rule 551. (1) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must submit to, and receive approval from, the board commercially reasonable procedures and internal controls intended to accomplish all of the following:

(a) Ensure compliance with R 432.532h, including, but not limited to, procedures designed to do both of the following:

(i) Prevent a person from establishing a fantasy contest player account if the person is prohibited from establishing a fantasy contest player account under R 432.532a to R 432.532g.

(ii) Prevent a person from entering or participating in any fantasy contest the person is prohibited from entering or participating in under R 432.532a to R 432.532g, or from entering or participating in a fantasy contest in any other manner in violation of R 432.532a to R 432.532g.

(b) Prevent the owners, directors, officers, employees, agents, contractors, and third-party providers of the fantasy contest operator or licensed management company from sharing protected information with third parties unless the protected information is otherwise made publicly available in accordance with R 432.532g. The procedures must include the means by which a fantasy contest operator or licensed management company shall provide notice to a fantasy contest player related to the sharing of protected information that includes the fantasy contest player's personal identifiable information.

(c) Establish the maximum number of entries a single fantasy contest player may enter in each fantasy contest and take reasonable steps to prevent fantasy contest players from submitting more than the allowable number of entries in accordance with R 432.532(3).

(d) Ensure compliance with R 432.532a addressing beginning and highly experienced players including, but not limited to, procedures to do all of the following:

(i) Identify each highly experienced player by a symbol attached to the highly experienced player's username.

(ii) Offer some fantasy contests that are open only to beginning players.

(iii) Offer some fantasy contests that are open only to players other than highly experienced players.

(e) Ensure compliance with R 432.535a addressing fantasy contest player funds.

(f) Ensure compliance with the applicable state and federal requirements and these rules to protect the privacy and online security of a fantasy contest player and the fantasy contest player's account, including procedures to prevent any withdrawal from the fantasy contest player's account that is not authorized by the fantasy contest player.

(g) Ensure the security of personal identifiable information and financial information of a fantasy contest player, funds in a fantasy contest player account, and other information as required by the board. The procedures must include the means by which a fantasy contest operator or licensed management company will provide notice to a fantasy contest player related to the sharing of personal identifiable information.

(h) Identify and report fraud, unusual activity, and suspicious conduct and ensure compliance with R 432.534a.

(i) Ensure compliance with all provisions of 31 USC 5311 to 5336, commonly referred to as the bank secrecy act, that are applicable to the fantasy contest operator's or licensed management company's fantasy contest operations as required under R 432.534.

(j) Ensure access to the fantasy contest platform and assets are properly restricted from unauthorized access.

(k) Ensure promotional funds for fantasy contests are properly authorized and approved.

(l) Ensure tournaments, bonuses, and promotions are conducted in accordance with R432.537.

(m) Ensure all advertisements are conducted in accordance with the act and these rules, including R 432.533.

(n) Ensure compliance with all requirements of the act and these rules related to fantasy contest player accounts including, but not limited to, all of the following:

(i) Procedures for the creation, suspension, and closing of fantasy contest player accounts.

(ii) Procedures for the handling of dormant accounts.

(iii) Procedures to ensure the fantasy contest operator or licensed management company completes, within 10 business days of the fantasy contest player's request, all of the following:

(A) Deposit of cash or cash equivalent prizes or awards into the fantasy contest player account.

(B) Fund withdrawal request from a fantasy contest player account in accordance with R 432.544d.

(C) Closing of a fantasy contest player account.

(iv) Procedures to ensure compliance with all other fantasy contest player account requirements contained in parts 3 and 4 of these rules.

(o) Ensure the security, operation, and maintenance of a fantasy contest platform and other equipment used to conduct fantasy contests.

(p) Ensure that the fantasy contest platform meets or exceeds current standards generally accepted in the fantasy contest industry in the United States and fantasy contest platform requirements contained in these rules.

(q) Ensure the geolocation system functions in accordance with R 432.539.

(r) Detect and prevent the misuse of proxy servers and ensure compliance with R 432.532f.

(s) Ensure the proper recording of fantasy contest adjusted revenues and payment of taxes required under the act.

(t) Ensure the accurate recordation of all fantasy contest transactions and reconciliation of account balances including fantasy contest adjusted revenues and fantasy contest player account balances.

(u) Ensure unclaimed funds are processed in accordance with the uniform unclaimed property act, 1995 PA 29, MCL 567.221 to MCL 567.265.

(v) Ensure security incidents and fantasy contest platform failure incidents are timely identified, responded to, and corrected. The following must be performed on each incident:

(i) Analysis and cause of the incident.

(ii) Containment.

(iii) Planning and implementation of corrective action to prevent recurrence.

(iv) Recovery from and correction of the incident in a careful and controlled manner.

(v) Communication with those affected by or involved with recovery from the incident.

(vi) Reporting of the incident and corrective action to the board as follows:

(A) Any incident involving a breach of privacy or confidentiality or malicious intrusion of a fantasy contest platform, website, device, or other equipment used to conduct fantasy contests must be promptly reported to the board.

(B) Incidents other than those described in subparagraph (A) of this paragraph must be reported as directed by the board. This includes, but is not limited to, any failure, malfunction, or loss of service of a fantasy contest platform.

(w) Establish and operate a self-restriction program in accordance with R 432.532d.

(x) Ensure compliance with R 432.532 addressing the conduct of fantasy contests.

(y) Provide fantasy contest players with fantasy contest rules or terms in accordance with R 432.536.

(z) Identify authorized scripts, detect and prevent unauthorized scripts, and ensure compliance with R 432.532e.

(aa) Ensure that all third-party audits required under the act and these rules, including those required under R 432.554 and R 432.554a, are completed in accordance with the act and these rules.

(bb) Ensure all fantasy contest player complaints, including complaints that a violation of the act or these rules has occurred, are received, investigated, and responded to by the fantasy contest operator or licensed management company in a timely manner in accordance with R 432.535.

(cc) Ensure that monitoring, identification, investigation, correction, and reporting to the board is performed for any violations of the procedures and internal controls adopted pursuant to the act and these rules.

(dd) Ensure procedures are adopted, implemented, and maintained for establishing and using test accounts.

(ee) Otherwise ensure the integrity of fantasy contests.

(2) To the extent a third party is involved in or provides any of the procedures and internal controls required in these rules, the fantasy contest operator's or licensed management company's procedures and internal controls must document the roles and responsibilities of the third party and must include procedures to evaluate the adequacy of and monitor compliance with the third party's procedures and internal controls.

(3) A fantasy contest operator or licensed management company shall comply with the procedures and internal controls that are submitted to the board under these rules and are approved by the board or otherwise allowed to be implemented in accordance with these rules. If a fantasy contest operator or licensed management company fails to comply with any provision of its procedures and internal controls, the board may initiate a disciplinary action.

(4) Unless otherwise determined by the board, all of the following provisions apply to technical adjustments and amendments to the procedures and internal controls:

(a) A fantasy contest operator or licensed management company must notify the board in advance of making any technical adjustment to its procedures and internal controls. The technical adjustment may be implemented immediately if it is not material and the procedures and internal controls continue to meet or exceed standards required by the act and these rules. If at any time the board determines that the technical adjustment is

material, the fantasy contest operator or licensed management company must do either of the following:

(i) Submit the material technical adjustment to the board in accordance with subdivision (b) of this subrule. The fantasy contest operator or licensed management company must not implement the material technical adjustment until it is approved by the board under subdivision (b) of this subrule or allowed to be implemented under subdivision (c) of this subrule. If the material technical adjustment was previously implemented, the material technical adjustment may remain in effect during the pendency of the submission unless otherwise directed by the board.

(ii) Withdraw the material technical adjustment. If the material technical adjustment was previously implemented, the fantasy contest operator or licensed management company has 15 days to cease implementation.

(b) Except as otherwise provided in subdivision (c) of this subrule, all material technical adjustments and amendments to the procedures and internal controls must be submitted to and approved by the board, in writing, prior to implementation.

(c) If within 15 days, the board has not approved, denied, or otherwise provided written notice regarding a material technical adjustment or amendment to the procedures and internal controls, a fantasy contest operator or licensed management company may implement the material technical adjustment or amendment, as submitted, with the board retaining its authority to require further amendment, approval, or denial.

(d) If the board requests additional information, clarification, or revision of a proposed technical adjustment or amendment to the procedures and internal controls and the fantasy contest operator or licensed management company fails to satisfy the request within 30 days, the board may consider the proposed technical adjustment or amendment withdrawn. If the technical adjustment or amendment was previously implemented under subdivision (a) or (c) of this subrule at the time it is considered withdrawn, the fantasy contest operator or licensed management company has 15 days to cease implementation of the technical adjustment or amendment. If the fantasy contest operator or licensed management company subsequently wants to implement or seek board approval of the proposed technical adjustment or amendment, the fantasy contest operator or licensed management company must resubmit the notification or request.

#### R 432.552 Emergency procedures.

Rule 552. (1) In the event of an emergency, a fantasy contest operator or licensed management company may temporarily amend its procedures and internal controls. The board must be notified that an emergency exists before temporarily amending the procedures and internal controls.

(2) A fantasy contest operator or licensed management company must submit the temporary emergency amendment of the procedures and internal controls to the board within 3 days of the amendment. The submission must include the detailed emergency procedures that were or will be implemented and the time period the emergency procedures were or will be temporarily in place. Any concerns the board has with the submission must be addressed by the fantasy contest operator or licensed management company.

(3) As soon as the circumstances necessitating the emergency amendment to the procedures and internal controls abate, the fantasy contest operator or licensed

management company must resume compliance with the procedures and internal controls that were approved by the board or otherwise allowed to be implemented in accordance with these rules.

R 432.553 Failure to comply with requirements.

Rule 553. If the board determines that the fantasy contest operator's or licensed management company's procedures and internal controls do not comply with the requirements of these rules or require improvement, then the board shall notify the fantasy contest operator or licensed management company in writing. Within 30 days after receiving the notification or as otherwise directed by the board, the fantasy contest operator or licensed management company must amend its written procedures and internal controls accordingly and must submit, for board approval, a copy of the written procedures and internal controls, as amended, and a description of any other remedial measure taken.

R 432.554 Independent financial audit.

Rule 554. (1) By July 1 of each year, a fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must contract with an independent certified public accountant to perform an independent audit, in accordance with generally accepted accounting principles, of the financial condition of the fantasy contest operator's and licensed management company's total operations for the previous fiscal year and assess the fantasy contest operator's and licensed management company's compliance with R 432.535a and section 14 of the act, MCL 432.514.

(2) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must submit an audit engagement letter to the board at least 30 days before the commencement of the audit. The audit engagement letter must meet all of the following conditions, at a minimum:

(a) The scope of the audit must include, at a minimum, each area required under subrule (1) of this rule.

(b) The audit must be performed in accordance with generally accepted auditing standards or their equivalent as approved by the board.

(c) The audit must assess the fair presentation of fantasy contest adjusted revenues and payment of all required taxes and fees required under the act and these rules.

(d) The audit report must contain an opinion of the independent certified public accountant as to its fair presentation in accordance with generally accepted accounting principles.

(e) The audit must meet any other conditions considered appropriate by the board.

(3) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must submit the audit results under this rule to the board not later than 180 days after the end of the fiscal year to which the audit results apply.

(4) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator is responsible for the cost of the audit.

#### R 432.554a Independent compliance audit.

Rule 554a. (1) Each year, a fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must contract with an independent testing laboratory or another professional service provider authorized by the board to assess the fantasy contest operator's and licensed management company's compliance with part 3 and part 4 of these rules, except for R 432.535a, and verify the integrity of the fantasy contest platform used by the fantasy contest operator and licensed management company to operate fantasy contests.

(2) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must submit an audit engagement letter to the board at least 30 days before the commencement of the audit.

The audit engagement letter must meet all of the following conditions, at a minimum:

(a) The scope of the audit must include, at a minimum, each area required under subrule (1) of this rule.

(b) The audit must be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants or their equivalent as approved by the board.

(c) The audit report must include a listing of all instances of non-compliance and an overall assessment of the integrity of the fantasy contest platform used to operate fantasy contests.

(d) The audit must meet any other conditions considered appropriate by the board.

(3) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator must submit the audit results under this rule to the board by March 31 of each year.

(4) A fantasy contest operator and any licensed management company that manages day-to-day fantasy contest operations of the fantasy contest operator is responsible for the cost of the audit.

#### R 432.555 Recordkeeping and retention.

Rule 555. (1) A fantasy contest operator or licensed management company must keep and maintain accurate, complete, and legible records of any books, records, or documents pertaining to, prepared in, or generated by the fantasy contest operator or licensed management company, 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.

(j) Records of all transactions related to fantasy contest operations.

(k) Records required by the act, these rules, and the fantasy contest operator's or licensed management company's procedures and internal controls.



(l) Records supporting the calculation of fantasy contest adjusted revenues and the related taxes.

(m) Other records deemed necessary by the board.

(2) A fantasy contest operator or licensed management company must provide access to fantasy contest platform related data as deemed necessary by the board and in a manner approved by the board.

(3) A fantasy contest operator or licensed management company shall retain and maintain in a place secure from theft, loss, or destruction all of the records required to be maintained under the act and these rules for at least 3 years after the date of the record's creation.

(4) A fantasy contest operator or licensed management company must make the records available to the board, upon request, within the timeframe requested by the board.

(5) A fantasy contest operator or licensed management company shall organize all records under the act and these rules in a manner that enables the fantasy contest operator or licensed management company to provide the board with the records on request.