



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

HENRY L. WILLIAMS, JR.
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: April 23, 2024

TO: Internet Gaming and Sports Betting Operators and Platform Providers

FROM: Dave Murley, Deputy Director, Online Gaming and Legal Affairs

CC: David Hicks, Internet Gaming Manager
Mike Bjork, Internet Gaming Regulation Manager

RE: Draft Authorized Participant Complaints - Withdrawal Requests – Response Requested

Authorized Participant Withdrawal Request Complaints

The Michigan Gaming Control Board (Board) has identified withdrawal requests as the most frequent complaint received by the Board. After investigation, the Board concluded that several operators/platform providers have failed to return funds to authorized participants (APs) in a timely manner. Further, several operator/platform providers have failed to provide required notifications to APs regarding delays in processing withdrawal requests and seem to note problems with the account only after the AP has requested a withdrawal.

Withdrawal Requests Processing

Per R432.655d(1) and R432.755d(1), an AP must be allowed to withdraw the funds maintained in his or her internet wagering account, whether the account is open or closed, with rare exception. Per R432.655d(2) and R432.755d(2), an operator or internet gaming platform provider must honor the AP's request to withdraw funds within 10 business days after the request, unless the conditions set forth in R432.655d(3) and R432.755d(3) are met (see below). To fully honor the AP withdrawal requests, the operator/platform provider must place the amount of the withdrawal request in pending status and separate/escrow the funds. The escrowed funds must then not be available for use by the operator/platform provider or AP for any other purpose, such as placing wagers, unless the AP subsequently cancels the withdrawal request. We recognize operators and platform providers may also have other best practices in place which ensure compliance with the rule requirements. Please share those practices with us.

Required Actions if Declining Withdrawal Request

Per R432.655d(3) and R432.755d(3), the operator/platform provider may decline to honor an AP's withdrawal request only if the operator/platform provider believes in good faith that the AP engaged in either fraudulent conduct or other conduct that would put the operator/platform provider in violation of the act and rules. In such cases, the operator/platform provider must do

all of the following:

- (a) Provide notice to the AP of the nature of the investigation of the internet wagering account.
- (b) Conduct its investigation in a reasonable and expedient fashion, providing the AP additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the AP.

The notices required under this rule must be sent via email to the AP registered email address and include a reference or identification number for tracking purposes. Chat logs or phone conversation transcriptions are not an acceptable means of meeting this rule requirement. Furthermore, operators/platform providers must obtain and maintain sufficient documentation to demonstrate their good faith belief the AP engaged in either fraudulent conduct or other conduct that would put the operator/platform provider in violation of the act and rules. This documentation must be made available to the Board upon request.

Some operators/platform providers have flagged an AP withdrawal request for further investigation/review for reasons which have no clear connection to the withdrawal request. The Board has found, in many of these instances, that the AP was allowed to establish a wagering account, deposit funds into the account, and place wagers without incident. However, when the AP requested a withdrawal, an alert flag was triggered by the platform. Before we require internal controls to address this problem, we are seeking input from operator/platform providers on the best methods to identify potential riskier transactions earlier in the AP journey with the operator/platform such as account creation or account funding.

Accordingly, before issuing a final version of this memo and requiring particular internal controls, the Board is seeking—and expects—the observations, suggestions, and comments of the industry regarding the extent of these problems and the best approaches which will ensure compliance with the rule requirements. Please submit this feedback to mgcb-igaming@michigan.gov within 21 calendar days of the date of this memo. The Board will review and consider all feedback received before finalizing this memo and issuing additional internal control requirements.

If you have any questions, please contact Internet Gaming Manager David Hicks at 517-512-0373 or hicksd8@michigan.gov.