R 418.2321
Source: 1996 AACS.

R 418.2322
Source: 1996 AACS.

R 418.2323
Source: 1996 AACS.

R 418.2324
Source: 1996 AACS.

R 418.2325
Source: 1996 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

BUREAU OF WORKERS' DISABILITY COMPENSATION

WORKER'S COMPENSATION HEALTH CARE

PART 1. GENERAL PROVISIONS

R 418.10101 Scope.

Rule 101. (1) These rules do all of the following:

(a) Establish procedures by which the employer shall furnish, or cause to be furnished, to an employee who receives a personal injury arising out of and in the course of employment, reasonable medical, surgical, and hospital services and medicines, or other attendance or treatment recognized by the laws of the state as legal, when needed. The employer shall also supply to the injured employee dental services, crutches, artificial limbs, eyes, teeth, eyeglasses, hearing apparatus, and other appliances necessary to cure, so far as reasonably possible, and relieve from the effects of the injury.

(b) Establish schedules of maximum fees by a health facility or health care provider for such treatment or attendance, service, device, apparatus, or medicine.

(c) Establish procedures by which a health care provider shall be paid.

(d) Provide for the identification of utilization of health care and health services above the usual range of utilization for such services, based on medically accepted standards, and provide for acquiring by a carrier and by the bureau of the necessary records, medical bills, and other information concerning any health care or health service under review.

(e) Establish a system for the evaluation by a carrier of the appropriateness in terms of both the level of and the quality of health care and health services provided to injured employees, based upon medically accepted standards.

(f) Authorize carriers to withhold payment from, or recover payment from, health facilities or health care providers which have made excessive charges or which have required unjustified treatment, hospitalization, or visits.

(g) Provide for the review by the bureau of the records and medical bills of any health facility or health care provider which have been determined by a carrier not to be in compliance with the schedule of charges established by these rules or to be requiring unjustified treatment, hospitalization, or office visits.

(h) Provide for the certification by the bureau of carriers determined by it to be in compliance with the criteria and standards established by these rules in their utilization review of services and charges by health care facilities and health care providers.

(i) Establish that when a health care facility or health care provider provides health care or health care service that is not usually associated with, is longer in duration than, is more frequent than, or extends over a greater number of days than that health care or service usually does with the diagnosis or condition for

which the patient is being treated, the health facility or health care provider may be required by the carrier to explain the necessity in writing.
(j) Provide for the interaction of the bureau and the department of consumer and industry services for the utilization of the department of consumer and industry services' procedures for the resolution of worker's compensation disputes.
(k) Are intended for the implementation and enforcement of section 315(2) to (9) of the act, provide for the implementation of the bureau's review and decision responsibility vested in it by those statutory provisions. The rules and definitions are not intended to supersede or modify the worker's disability compensation act, the administrative rules of practice of the bureau, or court decisions interpreting the act or the bureau's administrative rules.
(2) An independent medical examination shall be exempt from these rules and may be requested by a carrier or an employee. An independent medical examination, (IME), shall be conducted by a practitioner other than the treating practitioner. Reimbursement for the independent medical evaluation shall be based on a contractual agreement between the provider of the independent medical evaluation and the party requesting the examination.
(3) These rules and the fee schedule shall not pertain to health care services which are rendered by an employer to its employee in an employer-owned and employer-operated clinic. The employer who owns and operates a clinic shall estimate the aggregate dollar amount of payments for worker's compensation health care services and include that information in the annual medical payment report as required by these rules.
(4) If a carrier and a provider have a contractual agreement designed to reduce the cost of worker's compensation health care services below what would be the aggregate amount if the fee schedule were applicable, the contractual agreement shall be exempt from the fee schedule. The carrier shall be required to do all of the following:
(a) Perform technical and professional review procedures.
(b) Provide the annual medical payment report to the health care services division of the bureau.
(5) These rules replace rescinded rules 418.101-418.2325.
History: 2000 MR 6, Eff. May 11, 2000; 2000 MR 15, Eff. Oct. 24, 2000.

R 418.10102 Claim filing limitations. .

Rule 102. (1) A provider shall bill a carrier within one year of the date of service for consideration of payment.
(2) The one year filing rule shall not apply if the provider bills after the one year requirement under subrule (1) of this rule due to litigation or subrogation.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10103 Complaints.

Rule 103. Any person who is affected by these rules may submit a written complaint to the bureau regarding the actions of any other person who is affected by these rules.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10104 Reimbursement for employee-paid services.

Rule 104. Notwithstanding any other provision of these rules, if an employee has paid for a health care service and at a later date a carrier is determined to be responsible for the payment, then the employee shall be fully reimbursed by the carrier.

R 418.10105 Balance billing amounts in excess of fees.

Rule 105. The provider shall not bill the employee for any amount for health care services provided for the treatment of a covered injury or illness when that amount is disputed by the carrier pursuant to its utilization review program or when that amount exceeds the maximum allowable payment established by these rules.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10106 Procedure codes; relative value units; and other billing information.

Rule 106. (1) Upon annual promulgation of R 418.10107, the health care services division of the bureau shall publish a manual separate from these rules containing the following information:
(a) All procedure codes used for billing health care services.
(b) Medicine, surgery, and radiology procedures and their associated relative value units.
(c) Hospital maximum payment ratios.
(d) Billing forms and instruction for completion.
(2) The procedure codes and standard billing instructions for medicine, surgery and radiology services shall be adopted from the most recent publication entitled "Current Procedural Terminology" as adopted by reference in R 418.10107.
(3) The formula and methodology for determining the relative value units shall be adopted from the "Medicare RBRVS Fee Schedule" as adopted by reference in R 418.1007 using geographical information for Michigan. The geographical information, (GPCI), for these rules is a melded average using 60% of the figures published for Detroit added to 40% of the figures published for the rest of the state.
(4) The maximum allowable payment for medicine, surgery and radiology services shall be determined by multiplying the relative value unit assigned to the procedure times the conversion factor listed in the reimbursement section, Part 10 of these rules.
(5) Procedure codes from "Medicare's National Level II Codes HCPCS" as adopted by reference in 418.10107(2) shall be used to describe the following services:
(a) Ambulance services.
(b) Medical and surgical expendable supplies.
(c) Dental procedures.
(d) Durable medical equipment.
(e) Vision and hearing services.
(6) The following shall be considered "By Report" (BR):
(a) Ancillary services listed in R 418.10106(3) and published in the Health Care Services manual by the bureau.
(b) All procedure codes that do not have an assigned relative value.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10107 Source documents.

Rule 107. The following documents referenced this rule are available for inspection in the bureau of workers' disability compensation, health care services division, PO Box 30016, Lansing, Michigan 48909:
(a) "Current Procedural Terminology, CPT 1996" fourth edition, revised 1995, copyright October 1995, published by the American Medical Association, 515 N State Street, Chicago, IL 60610, 1-800-621-8335. The publication may be purchased at a cost of $47.95 plus $5.95 for shipping and handling at the time of adoption of these rules. Permission to use this publication is on file in the bureau.
(b) "Medicare's National Level II Codes, HCPCS, 1999" eleventh edition, copyright November 1999, published by the American Medical Association, PO Box 7046, Dover, DE 19902-7046, Customer Service 1-800-621-8335. The publication may be purchased at a cost of 49.95 plus $6.95 for shipping and handling at the time of adoption of these rules.
(c) "RBRVS, Fee Schedule: A Plain English Guide", 1996 edition, published by United Communications Group, 11300 Rockville Pike, Suite 1100, Rockville, MD 20852-3030. The handbook may be purchased at a cost of $49.95 at the time of adoption of these rules.
(d) "International Classification of Diseases", Ninth Revision," copyright 1998 Medicode, Inc., American Medical Association, Order Department, PO Box 7046, Dover DE 19903-7046, 1-800-621-8335. The publication may be purchased at a cost of $56.95 plus 6.95 shipping and handling at the time of adoption of these rules.
(e) "1999 Red Book", copyright 1998, published by Medical Economics Company Inc., Montvale, NJ 07645-1742, 1-800-783-4903. The publication may be purchased at a cost of $59.95 plus $5.95 for shipping and handling at the time of adoption of these rules.
(f) "Michigan Uniform Billing Manual," developed in cooperation with the American Hospital Association's National Uniform Billing Committee, published by Michigan Health and Hospital Association, 6215 West St. Joseph Highway, Lansing, MI 48917, 517-323-3443. The cost of the publication is $135.00 plus 6% sales

tax.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10108 Definitions; A to I.R

Rule 108. As used in these rules:
(a) "Act" means Act No. 317 of the Public Acts of 1969, as amended, being §418.101 et seq. of the Michigan Compiled Laws.
(b) "Adjust" means that a carrier or a carrier's agent reduces a health care provider's request for payment to the maximum fee listed in part 23 of these rules, to a provider's usual and customary charge, or, when the maximum fee is by report, to a reasonable amount, re-codes a procedure, or reduces payment as a result of professional review.
(c) "Appropriate care" means health care that is suitable for a particular person, condition, occasion, or place.
(d) "BR" or "by report" means that the procedure is not assigned a relative value unit, (RVU) or a maximum fee and requires a written description.
(e) "Bureau" means the bureau of workers' disability compensation in the department of consumer and industry services.
(f) "Carrier" means an organization which transacts the business of workers' disability compensation insurance in Michigan and which may be any of the following:
(i) A private insurer.
(ii) A self-insurer.
(iii) One of the funds of chapter 5 of the act.
(g) "Case" means a covered injury or illness which occurs on a specific date and which is identified by the worker's name and date of injury or illness.
(h) "Case record" means the complete health care record that is maintained by a carrier which pertains to a covered injury or illness that occurs on a specific date.
(i) "Complete procedure" means a procedure that contains a series of steps which are not to be billed separately.
(j) "Covered injury or illness" means an injury or illness for which treatment is mandated by section 315 of the act.
(k) “Current Procedural Terminology” (CPT) means a listing of descriptive terms and identifying codes and provides a uniform nationally accepted nomenclature for reporting medical services and procedures. “Current Procedural Terminology” provides instructions for coding and claims processing.
(l) "Dispute" means a disagreement between a carrier or a carrier's agent and a health care provider on the application of these rules.
(m) "Durable medical equipment" means specialized equipment which is designed to stand repeated use, which is used to serve a medical purpose,
and which is appropriate for home use.
(n) "Emergency condition" means that a delay in treating a patient would lead to a significant increase in the threat to the patient's life or to a body part.
(o) "Established patient" means a patient whose medical and administrative records for a particular covered injury or illness are available to the provider.
(p) "Expendable medical supply" means a disposable article that is needed in quantity on a daily or monthly basis.
(q) "Facility" means an entity licensed by the state in accord with the provisions of Act 368, Public Acts of 1978 as amended. The office of an individual practitioner is not considered a facility.
(r) "Focused review" means the evaluation of a specific health care service or provider to establish patterns of use and dollar expenditures.
(s) "Follow-up days" means the days of care following a surgical procedure that are included in the procedure's maximum allowable payment, but does not include care for complications. If the surgical procedure lists "xxx" for the follow-up days, then the global concept does not apply. If "yyy" is listed for follow-up days, then the carrier shall set the global period. If "zzz" is used, then the procedure code is part of another service and falls within the global period of the other service.
(t) "Health care organization" means a group of practitioners or individuals joined together to provide health

care services and includes any of the following:
(i) A health maintenance organization.
(ii) An industrial or other clinic.
(iii) An occupational health care center.
(iv) A home health agency.
(v) A visiting nurse association.
(vi) A laboratory.
(vii) A medical supply company.
(viii) A community mental health board.
(u) "Health care review" means the review of a health care case or bill, or both, by a carrier, and includes technical health care review and professional health care review.
(v)"Incidental surgery" means a surgery which is performed through the same incision, on the same day, by the same doctor of dental surgery, doctor of medicine, doctor of osteopathy, or doctor of podiatry and which is not related to diagnosis.
(w) "Independent medical examination" means an examination and evaluation which is requested by a carrier or an employee and which is conducted by a different practitioner than the practitioner who provides care.
(x) "Independent procedure" means a procedure which may be carried out by itself, separate and apart from the total service that usually accompanies it.
(y) "Insured employer" means an employer who purchases workers' compensation insurance from an insurance company that is licensed to write insurance in the state of Michigan.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10109 Definitions; M to U.

Rule 109. As used in these rules:
(a) "Maximum allowable payment" means the maximum fee for a procedure that is established by these rules, a reasonable amount for a "by report" procedure, or a provider's usual and customary charge, whichever is less.
(b) "Medical only case" means a case that does not involve wage loss compensation.
(c) "Medical rehabilitation" means, to the extent possible, the interruption, control, correction, or amelioration of a medical or a physical problem that causes incapacity through the use of appropriate treatment disciplines and modalities that are designed to achieve the highest possible level of post-injury function and a return to gainful employment.
(d) "Medically accepted standards" means a measure which is set by a competent authority as the rule for evaluating quantity or quality of health care or health care services ensuring that the health care is suitable for a particular person, condition, occasion, or place.
(e) "Morbidity" means the extent of illness, injury, or disability.
(f) "Mortality" means the likelihood of death.
(g) "New Patient " means a patient who is new to the provider for a particular covered injury or illness and who needs to have medical and administrative records established.
(h) "Nursing home" means a nursing care facility, including a county medical care facility, created pursuant to the provisions of Act No. 152 of the Public Acts of 1885, as amended, being §36.1 et seq. of the Michigan Compiled Laws.
(i) "Orthotic equipment" means an orthopedic apparatus that is designed to support, align, prevent or correct deformities of, or improve the function of, a movable body part.
(j) "Pharmacy" means the place where the science, art, and practice of preparing, preserving, compounding, dispensing, and giving appropriate instruction in the use of drugs is practiced.
(k) "Practitioner" means an individual who is licensed, registered, or certified as defined in the Michigan public health code, Act 368 of 1978, (Articles 1, 7, 15, 19, and Excerpts from Article 5) as amended.
(l) "Primary procedure" means the therapeutic procedure that is most closely related to the principal diagnosis.
(m) "Properly submitted bill" means a request by a provider for payment of health care services which is submitted to a carrier on the appropriate completed claim form with attachments as required by these rules.

(n) "Prosthesis" means an artificial substitute for a missing body part. A prosthesis is constructed by a "prosthetist", a person who is skilled in the construction and application of a prosthesis.
(o) "Provider" means a facility, health care organization, or a practitioner.
(p) "Reasonable amount" means a payment based upon the amount generally paid in the state for a particular procedure code using data available from the provider, the carrier, or the bureau of workers' disability compensation, health care services division.
(q) "Restorative" means that the patient's function will demonstrate measurable improvement in a reasonable and generally predictable period of time and includes appropriate periodic care to maintain the level of function.
(r) "Secondary procedure" means a surgical procedure which is performed to ameliorate conditions that are found to exist during the performance of a primary surgery and which is considered an independent procedure that may not be performed as a part of the primary surgery or for the existing condition.
(s) "Specialist" means any of the following entities who is board-certified, board-eligible, or otherwise considered an expert in a particular field of health care by virtue of education, training, and experience generally accepted in that particular field:
(i) A doctor of chiropractic.
(ii) A doctor of dental surgery.
(iii) A doctor of medicine.
(iv) A doctor of optometry.
(v) A doctor of osteopathic medicine and surgery.
(vi) A doctor of podiatric medicine and surgery.
(t) "Subrogation " means substituting one creditor for another. An example of subrogation in workers' compensation is when a case is determined to be workers' compensation and the health benefits plan has already paid for the service and is requesting the workers' compensation carrier or the provider to refund the money that the plan paid on behalf of the worker.
(u) "Technical surgical " assist denotes those surgical procedures where payment for an assistant is allowed in addition to the primary surgeon. Procedure codes that allow payment for the assistant surgeon are denoted by a "T."
(v) "Treatment plan " means a plan of care for restorative physical treatment services that indicates the diagnosis and anticipated goals.
(w) "Usual and customary charge" means a particular provider's average charge for a procedure to all payment sources, and includes itemized charges which were previously billed separately and which are included in the package for that procedure as defined by these rules. A usual and customary charge for a procedure shall be calculated based on data beginning January 1, 1995.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10110 Program Information.

Rule 110. The bureau shall provide ongoing information regarding these rules for providers, carriers, and employees. The program shall include distribution of appropriate information materials. The health care services division shall provide periodic informational sessions for providers, billing organizations, and carriers.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10111 Advisory committee.

Rule 111. The director of the bureau shall appoint an advisory committee from names solicited from provider, carrier, and employee organizations. The advisory committee shall include five advocates for the concerns of providers, five advocates for the concerns of employees, and five advocates for the concerns of carriers. The director of the bureau shall appoint a sixteenth member to act as chair without a vote. The advisory committee shall meet not less than twice a year. Additional meetings shall be scheduled if requested by the bureau, the chair, or a majority of the committee. Members may be removed by the director of the bureau for cause or for missing more than one-half of the meetings in a year. The advisory committee shall perform general program oversight including the following:
(a) Assist the bureau in annual review of the rules and the fee schedule.

(b) Assist the bureau in the development of proposed amendments to the rules and fee schedule, including payment methodologies.
(c) Assist the bureau in the review of data reports and data analyses.
(d) Review health care service disputes, resulting from a carrier's professional health care review program pursuant to these rules, that are considered by mediation, arbitration, small claims, or magistrate decisions, based on annual summary data regarding such disputes. This summary data shall be developed by the bureau and shall include information regarding carriers and providers which accounts for a significant number of disputes.
(e) Review annual summary data of complaints made to the bureau.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10112 Missed appointment.

Rule 112. A provider shall not receive payment for a missed appointment unless the appointment was arranged by the carrier or the employer. If the carrier or employer fails to cancel the appointment not less than 72 hours in advance and the provider is unable to arrange for a substitute appointment for that time, then the provider may bill the carrier for the missed appointment using procedure code 99199 with a maximum fee of BR.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10113 Initial evaluation and management service; medical report other than inpatient hospital care.

Rule 113. (1) Except as provided in subrule (2) of this rule, and for other than inpatient hospital care, a provider shall furnish the carrier, at no additional charge, with a medical report for the initial visit, all information pertinent to the covered injury or illness if requested at reasonable intervals, and a progress report for every 60 days of continuous treatment for the same covered injury or illness.
(2) If the provider continues to treat an injured or ill employee for the same covered injury or illness at intervals which exceed 60 days, then the provider shall provide a progress report following each treatment that is at intervals exceeding 60 days.
(3) The medical report of the initial visit and the progress report shall include all of the following information:
(a) Subjective complaints and objective findings, including interpretation of diagnostic tests.
(b) For the medical report of the initial visit, the history of the injury, and for the progress report, significant history since the last submission of a progress report.
(c) The diagnosis.
(d) As of the date of the medical report or progress report, the projected treatment plan, including the type, frequency, and estimated length of treatment.
(e) Physical limitations.
(f) Expected work restrictions and length of time if applicable.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10114 Requests for existing medical records and reports.

Rule 114. (1) Nothing in these rules shall preclude a carrier, a carrier's agent, an employee, or an employee's agent from requesting additional existing medical records and reports related to a specific date of injury, in addition to those specified in R 418.10113, or those required for proper submission of a bill from a provider.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10115 Insured employer responsibility.

Rule 115. The insured employer shall do all of the following:
(a) Promptly file form 100, Employer's Basic Report of Injury, to report an injury that results in 7 or more days of disability, specific loss, or death, with the bureau and its insurer.
(b) Promptly notify its insurer of the cases that do not result in 7 or more days of disability, specific loss, or death.
(c) Promptly inform the provider of the name and address of its insurer or the designated agent of the

insurer to whom health care bills should be sent.
(d) If an insured employer receives a bill, then the insured employer shall promptly transmit the provider's bill and documentation to the insurer or the designated agent of the insurer regarding a related injury or illness.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10116 Provider responsibilities.

Rule 115. (1) A provider shall do both of the following:
(a) Promptly bill the carrier or the carrier's designated agent after the date of service.
(b) Provide required documentation of services, which shall accompany the bill to the carrier or the carrier's designated agent.
(2) If the provider has not received payment within 30 days of submitting a bill, then the provider shall send a second copy of the bill and may add a 3% late fee.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10117 Carrier responsibilities.

Rule 117. (1) The carrier or its designated agent shall assure that a billing form is completed properly before making payment.
(2) A carrier may designate a third party to receive provider bills on its behalf. The carrier shall instruct the provider to send the bills directly to the third party. The 30-day limit of this rule begins when the third party receives the bill.
(3) A carrier or designated agent shall make payment of an unadjusted and properly submitted bill within 30 days of receipt of a properly submitted bill.
(4) A carrier or designated agent shall make payment of an adjusted bill or portion of an adjusted bill within 30 days of receipt of the properly submitted bill. If a carrier or designated agent rejects a bill in its entirety, then the carrier or designated agent shall notify the provider of that rejection within 30 days after receipt of a properly submitted bill.
History: 2000 MR 6, Eff. May 11, 2000; 2000 MR 15, Eff. Oct. 24, 2000.

R 418.10118 Practitioner, facility, and health care organization copying charge for medical records.

Rule 118. (1) A practitioner, facility, or health care organization shall, at the request of the carrier, the carrier's agent, the employee, or the employee's agent, furnish copies of the case record for a particular covered injury or illness to the carrier, the carrier's agent, the employee, or the employee's agent. The maximum fee for providing copies shall be 25 cents per page, plus the actual cost of mailing. In addition, an administration charge for the staff's time to retrieve and copy the records shall be paid as follows:

0-30 minutes	$3.50
31-60 minutes	$7.00
each additional 30 minute increment	$3.50

The copying and handling charge shall apply to all reports and records, other than the original copy required pursuant to the provisions of R 418.10113, and all other reports required by these rules. The party who requests the records shall pay the copying charge.
(2) The copying charge for each x-ray film requested by the carrier or the carrier's agent shall be reimbursed at $7.00, which includes mailing and handling.
(3) If an agent of a carrier or an employee requests a copy of the case record, then the agent shall indicate the date of injury. Only the records for a specific date of injury covered by the act and these rules are available as specified in subrule (1) of this rule.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.10119 Facility medical audits.

Rule 119. If a facility requires that a carrier conduct an on-site audit rather than providing the medical record, then prompt payment shall occur within 30 days of completing the on-site audit. If payment does not occur within 30 days of completing the on-site audit, then the carrier shall pay a 3% late fee.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10120 Recovery of payment.

Rule 120. (1) Nothing in this rule shall preclude the recovery of payment for services and bills which may later be found to have been medically inappropriate or paid at an amount that is more than the maximum allowable payment.
(2) If the carrier makes a request to the provider for the recovery of a payment within 1 year of the date of payment and includes a statement of the reasons for the request, then the carrier may recover a payment. The carrier may recover a payment made by an employee or the carrier.
(3) Within 30 days of receipt of the carrier's request for recovery of the payment, the provider shall do either of the following:
(a) If the provider is in agreement with the request, then the provider shall refund the payment to the carrier.
(b) If the provider is not in agreement with the request, then the provider shall supply the carrier with a written detailed statement of the reasons for its disagreement, together with a refund of the portion, if any, of the payment that the provider agrees should be refunded.
(4) If the carrier does not accept the reason for disagreement supplied by the provider, then the carrier may file an application for mediation or hearing as provided for in R 418.101303 and R 418.101304. Within 30 days of receipt of the provider's statement of disagreement, the carrier shall file the application for mediation or hearing with the bureau and the carrier shall mail a copy to the provider.
(5) If, within 60 days of the carrier's request for recovery of a payment, the carrier does not receive either a full refund of the payment or a statement of disagreement, then, at the option of the carrier, the carrier may do either or both of the following:
(a) File an application for mediation or hearing and mail a copy to the provider.
(b) Reduce the payable amount on the provider's subsequent bills to the extent of the request for recovery of payment.
(6) If, within 30 days of a final order of a magistrate, the appellate commission, or the courts, a provider does not pay in full any refund ordered, then the carrier may reduce the payable amount on the provider's subsequent bills to the extent of the request for recovery of payment.
History: 2000 MR 6, Eff. May 11, 2000.

PART 2. MEDICINE

R 418.10201 Medicine services; description.

Rule 201. Medicine services shall be described with procedure codes 90281-99199.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10202 Evaluation and management services.

Rule 202. (1) Evaluation and management services include office visits, hospital visits, and consultations. Evaluation and management services or office visits are classified as the place of service and may be described as a new patient or subsequent or follow-up visit.
(2) The maximum allowable payment for an evaluation and management service of a patient shall include all of the following:
(a) An examination.
(b) The evaluation and management code describing the examination, includes the gross assessment of the range of motion of joints. Procedure codes describing the range of motion services, 95851-98582, shall only

be billed as a separate procedure to the worker's compensation carrier when the range of motion assessment is abnormal and the range of motion measurements are taken with a goniometer. If billing 95851-95852, the provider shall include a report documenting measurements taken.
(c) Minor medical and surgical supplies that are routinely used by the practitioner or health care organization in the office visit shall not be billed separately.
(3) Supplies, or other services, over and above those usually incidental to an office visit or other outpatient visit for the evaluation and management of a patient shall be billed separately under procedure code 99070.
(4) A service that is rendered between the hours of 6:00 p.m. and 7:00 a.m., Monday through Saturday, shall be billed using procedure code 99050 and the appropriate CPT procedure code describing the surgical service or evaluation and management service.
(5) A service that is rendered on Sundays or holidays until 7 a.m. of the following regular working day shall be billed using procedure code 99054 and the appropriate service level of office visit or other outpatient visit for the evaluation and management of a patient.
(6) Subrules (3) and (4) of this rule shall only apply if a provider performs a service after the practitioner's or health care organization's scheduled business hours.
(7) A procedure that is normally part of an examination or evaluation shall not be billed independently.
(8) The maximum allowable payment for the evaluation and management service shall be determined by multiplying the relative value assigned to the procedure code, times the conversion factor listed in the reimbursement section of these rules.
(9) If counseling or coordination of care, or both, exceed 50% of the physician and patient encounter or the physician, patient, and family encounter, or both, time is the key or controlling factor that determines the evaluation and management service level. The extent of counseling and coordination of care, or both, shall be documented in the record.
(10) The level of an office visit or other outpatient visit for the evaluation and management of a patient is not guaranteed and may change from session to session. The level of service shall be consistent with the type of presenting complaint and supported by documentation in the record.
(11) Procedure codes 99455 and 99456 describing work-related or medical disability evaluation services, shall not be used to describe an evaluation and management service for treating a work-related injury or illness. Procedure codes 99201-99350 shall be used to describe the practitioner's medical treatment of an injured worker.
(12) The carrier shall not reimburse the provider for procedure codes 90782-90799, administration of therapeutic injections, if billed in conjunction with an evaluation and management service. The medication administered in the therapeutic injection shall be billed using procedure code 99070, and identified with the national drug code number. The provider shall be reimbursed at the average wholesale price of the drug. If an evaluation and management service is not billed by the provider, then the appropriate procedure code describing the administration of the drug may be billed plus the average wholesale price of the drug and paid.
(13) The provider may bill immunization procedure codes in addition to the evaluation and management procedure code. If the provider bills an immunization, the vaccine is described with procedure codes 90476-90748, and the administration of the vaccine is described with procedure code 90471 or 90472. The carrier shall reimburse the vaccine at the average wholesale price of the vaccine plus the cost of administration billed with procedure codes 90471 or 90472. Procedure code 90471 is reimbursed at $5.00 and procedure code 90472 is reimbursed at $7.50.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10203 Office visit or other outpatient visit for evaluation and management of patient in conjunction with ongoing osteopathic manipulative treatment or chiropractic manipulative treatment.

Rule 203. (1) The carrier shall reimburse for the initial evaluation and management examination billed by the provider before initiating chiropractic or osteopathic manipulation. The carrier shall also reimburse for osteopathic manipulative treatment or chiropractic manipulative treatment if the treatment is initiated on the same date of service.
(2) All of the following provisions apply to ongoing osteopathic manipulative treatment:

(a) Osteopathic manipulative treatment procedure codes include pre-manipulative patient evaluation. The physician may be a separate evaluation and management service using modifier code -25. The carrier shall only reimburse the service if the documentation provided supports significant change of signs and symptoms or the evaluation of another work related problem not included in the procedure or service that required the encounter. The physician shall document the rationale for the significant other service in the record.
(b) Osteopathic manipulations are to be billed using procedure codes 98925-98929.
(3) All of the following provisions apply to ongoing chiropractic manipulative treatment:
(a) The chiropractic manipulative treatment codes include a pre-manipulation patient evaluation. The provider may report a separate evaluation and management service using modifier -25 to designate a separate identifiable service. The carrier shall reimburse the evaluation and management service only when the provider documents significant change of signs and symptoms or the evaluation of another work related problem not included in the procedure or service that required the encounter. The provider shall document the rationale for the significant other service in the record.
(b) The carrier shall reimburse chiropractic manipulative treatment when the provider bills the service with procedure codes 98940-98942.
(4) If either a doctor of osteopathy or a doctor of chiropractic, conducts a periodic re-evaluation, then a report of the evaluation shall accompany the bill. A periodic re-evaluation report shall include all of the following information:
(a) A description of the evaluation of function in measurable terms based on physical findings and problem identification.
(b) A goal statement.
(c) A treatment plan.
(d) Physical and functional improvement in measurable terms that has occurred in relationship to the diagnosis for which the treatment was prescribed.
(e) The likelihood of continued improvement if treatment is continued.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10204 Office visit or other outpatient visit; evaluation and management of patient's progress in physical treatment.

Rule 204. (1) An office visit or other outpatient visit for the evaluation and management of a patient's progress in physical treatment shall only be billed when there is a change of signs or symptoms and when the referring or treating practitioner provides supporting documentation as described in subrule (2) of this rule. The supporting documentation shall indicate that it is medically appropriate for the practitioner to make the evaluation.
(2) Documentation shall include the referring or treating practitioner's statement that an office visit was medically necessary. In addition, a report shall state that an examination was conducted and shall set forth the specific findings by the practitioner, including all of the following:
(a) A description of the evaluation of function in measurable terms based on physical findings and problem identification.
(b) A goal statement.
(c) A treatment plan.
(d) Physical and functional improvement in measurable terms that has occurred in relationship to the diagnosis for which physical medicine treatment was prescribed.
(e) The likelihood of continued improvement if physical medicine treatment were continued.
(3) The report required pursuant to subrule (2) of this rule may be used to meet the reporting requirements of physical medicine services provided in these rules.
(4) The office visit or other outpatient visit for the evaluation and management of a patient shall include the evaluation procedures that are appropriate to the diagnosis.
(5) Nothing in this rule pertains to office visits or other outpatient visits for the evaluation and management of a patient that are not related to physical treatment.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10205 Consultation services.

Rule 205. (1) An attending physician, carrier, third-party administrator, or the injured worker may request a consultation. A physician specialist shall provide consultations using procedure codes 99241-99275 to describe the service.
(2) The carrier may request a provider other than the treating practitioner to perform a confirmatory consult. The physician specialist performing the confirmatory consult shall be bill procedure codes 99271-99275, defined in current procedural terminology, and shall be subject to the maximum payment allowance as defined in the reimbursement section of these rules.
(3) If a specialist performs diagnostic procedures or testing in addition to the consultation, the specialist shall bill the appropriate procedure code from current procedural terminology. The carrier shall reimburse the testing procedures in accordance with these rules.
(4) If a physician specialist performs a follow-up consultation, the services shall be described using procedure codes 99261-99263. If, after performing the initial consultation, a physician specialist assumes responsibility for management of a portion or all of the patient's condition or conditions, the physician specialist shall not use the follow-up consultation codes to describe office visits. The physician specialist shall use procedure codes 99211-99215 for follow-up care when assuming management of the patient's condition.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10206 Emergency department evaluation and management visit.

Rule 206. An emergency physician shall use emergency department evaluation and management service procedure codes to report an emergency department visit.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10207 Mental health services.

Rule 207. (1) A psychiatrist, only, shall use procedure codes 90805, 90807, 90809, 90811, 90813, 90815, 90817, 90819, 90822, 90824, 90827, and 90829 to describe treatment of a mental health condition, and shall not be billed in conjunction with, 99201-99499, an evaluation and management service.
(2) A psychiatrist shall use procedure codes 90801 and 90802 to describe a psychiatric diagnostic interview. A psychiatric consultation may be reported with procedure codes 99214-99263 and shall be limited to evaluation and does not include psychiatric treatment.
(3) An individual performing psychological testing shall report the services using procedure codes 96100-96117.
(4) Mental health providers shall use the following modifiers to describe the practitioner providing the health services:
(a) -AH, For services provided by a licensed psychologist.
(b) -AL, For services provided by a limited licensed psychologist.
(c) -AJ, For services provided by a certified social worker.
(d) -LC, For services provided by a licensed professional counselor.
(e) -CS, For services provided by a limited licensed counselor.
(f) -MF, For services provided by a licensed marriage and family therapist.
(g) -ML, For services provided by a limited licensed marriage and family therapist.
(5) Fees for mental health services are listed in Part 15, Table 1501-D
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10208 Vision services.

Rule 208. (1) A medical diagnostic eye evaluation by a practitioner is an integral part of all opthalmology services.
(2) Intermediate and comprehensive ophthalmological services include medical diagnostic eye evaluation and services, such as slit lamp examination, keratometry, opthalmoscopy, retinoscopy, determination of refractive state, tonometry, or motor evaluation. These procedures shall not be billed in conjunction with procedure codes 92002, 92004, 92012, and 92014.
(3) Only an ophthalmologist or a doctor of optometry shall use procedure codes 92002, 92004, 92012, and 92014.
(4) A doctor of optometry shall use procedure codes 92002-92287 to describe services.

(5) An employer is not required to reimburse or cause to be reimbursed charges for an optometric service unless that service is included in the definition of practice of optometry under section 17401 of the Michigan Public Health Code, Act 368 of 1978, as amended, being § 333.17401 of the Michigan compiled laws, as of May 20, 1992.
(6) Suppliers of vision and prosthetic optical procedures shall use the appropriate procedure code V0000-V2999 listed in Medicare's National Level II Codes as referenced in 418.10107 (2) to describe services provided.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10209 Hearing services.

Rule 209. (1) A provider performing a comprehensive otorhinolaryngologic evaluation shall report the service using the appropriate evaluation and management service.
(2) A provider shall not report an otoscope, a rhinoscopy, or a tuning fork test in addition to a comprehensive ear evaluation or office visit.
(3) A provider performing special otorhinolaryngologic procedures, in addition to the evaluation, shall report those services using procedure codes 92507-92599.
(4) An audiologist and a speech therapist shall use procedure codes 92502-92599. An audiologist, a speech therapist, and a speech and hearing center shall use procedure codes 92502-92599 and procedure codes V5030- V5240 for hearing aid services.
(5) Hearing aid suppliers shall use the appropriate procedure code V5008-V5230 listed in Medicare's National Level II Codes as referenced in 418.10107(2) to describe services provided.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10212 Physical and occupational therapy; physical medicine services.

Rule 212. (1) For the purposes of worker's compensation, physical medicine services, procedure codes 97010-97799, shall be referred to as "physical treatment." Physical therapy means physical treatment provided by a licensed physical therapist. Occupational therapy means physical treatment provided by an occupational therapist.(2) Physical medicine services shall be restorative. If documentation does not support the restorative nature of the treatment, then the service shall not be reimbursed.
(3) Any of the following may provide physical treatment, to the extent that licensure, registration, or certification law allows:
(a) A doctor of medicine.
(b) A doctor of osteopathic medicine and surgery.
(c) A doctor of dental surgery.
(d) A doctor of chiropractic.
(e) A doctor of podiatric medicine and surgery.
(f) A physical therapist.
(g) An occupational therapist.
(4) Only a licensed physical therapist, certified occupational therapist, or licensed practitioner may use procedure codes 97001-97004 to describe the physical medicine and rehabilitation evaluation services. Only a certified occupational therapist or a licensed physical therapist shall perform codes WC500-WC600 for job site evaluation.
(5) If a practitioner performs and bills for physical treatment, then the practitioner shall do all of the following:
(a) Perform an initial evaluation.
(b) Develop a treatment plan.
(c) Modify the treatment as necessary.
(d) Perform a discharge evaluation.
The practitioner shall provide the carrier with an initial evaluation and a progress report every 30 calendar days and at discharge. Documentation requirements are the same as the requirements in R 418.10204(2).
(6) A provider shall report procedure code 97750 to describe a functional capacity evaluation. A maximum of 24 units or 6 hours shall be reimbursed by the carrier for the initial evaluation. No more than 4 additional units shall be billed for a re-evaluation occurring within 2 months.

(7) Physical medicine modalities are those agents applied to produce therapeutic changes to tissue and include but are not limited to thermal, acoustic, light, mechanical or electric energy.
(a) Supervised modalities include procedure codes 97010-97028. These codes do not require direct one-on-one patient contact by the provider. These modalities shall be performed in conjunction with a therapeutic procedure including manipulative services or the modalities shall not be reimbursed.
(b) Constant attendance modalities are those procedure codes 97032-97039 that require direct one-on-one patient contact by the provider.
(8) Therapeutic procedure codes 97110-97546 are procedures that effect change through the application of clinical skills and services that attempt to improve function. The physician or therapist shall have direct one-on-one patient contact.
(9) The following provisions apply to the listed modality services:
(a) Whirlpool shall only be reimbursed when done for debridement or as part of a restorative physical treatment program.
(b) Procedure 97010 shall not be reimbursed if the practitioner bills an evaluation and management service on the same date. Procedure code 97010 shall be used to bill hot or cold agents for any of the following reasons:
(i) Hot packs.
(ii) Hydrocollator packs.
(iii) Heat lamps.
(iv) Medconsonolator.
(v) Fluidotherapy.
(vi) Cryotherapy agents.
(vii) Ice melts and ice massage.
(viii) Vaporizing liquids.
(ix) Refrigerated units.
(x) Chemical packs.
(xi) Cold packs.
(c) Not more than one deep heat procedure shall be billed on the same date of service for the same diagnosis. Deep heat procedures include diathermy, microwave, ultrasound, and phonophoresis.
(d) Phonophoresis shall be billed using procedure code 97035 with modifier code -22 and shall be reimbursed at the same rate as procedure code 97035, plus $2.00 for the active ingredient used in the process. Phonophoresis shall include the electrodes.
(e) Iontophoresis shall include the solution, medication, and the electrodes.
(f) Electrical stimulation shall include the electrodes.
(g) Procedure codes 97032, 97033, and 97035 shall not be reimbursed to a doctor of chiropractic.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10213 Splints

Rule 213. (1) Extremity splints may be prefabricated, off-the-shelf, custom-made, or custom-fit.
(2) A provider shall report prefabricated, off-the-shelf splints using procedure code A4570 or 99070. If a certified occupational therapist or physical therapist needs to adapt a splint, then the therapist shall use modifier -22. and shall submit a report to describe the nature of the adaption a report shall be submitted to describe the nature of the adaptation.
(3) If a certified occupational therapist or physical therapist constructs an extremity splint, then the therapist shall bill the service using procedure code L3999. The carrier shall reimburse the splint as a by report procedure. The provider shall include the following information with the bill:
(a) A description of the splint.
(b) The time taken to construct or modify the splint.
(c) The charge for materials, if applicable.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10214 Orthotic and prosthetic equipment.

Rule 214. (1) A copy of a prescription by one of the following is required for prosthetic and orthotic

equipment:
(a) A doctor of medicine.
(b) A doctor of osteopathic medicine and surgery.
(c) A doctor of chiropractic.
(d) A doctor of podiatric medicine and surgery.
(2) Orthotic equipment may be any of the following:
(a) Custom-fit.
(b) Custom-fabricated.
(c) Non-custom supply that is prefabricated or off-the-shelf.
(3) A non-custom supply shall be billed using procedure code 99070 or A4570 for a prefabricated splint.
(4) A board-certified orthotist or prosthetist who is certified by the American board for certification in orthotics and prosthetics, incorporated shall bill orthoses and prostheses that are custom-fabricated, molded to the patient, or molded to a patient model. In addition, a doctor of podiatric medicine and surgery may bill for a custom-fabricated or custom-fit, or molded patient model foot orthosis using procedure codes L3000-L3649.
(5) L-code procedures shall include fitting and adjustment of the equipment.
(6) Maximum allowable payments for L-code procedures are listed in Table 1510-C. If an L-code procedure does not have an assigned maximum allowable payment, then the procedure shall be by report, "BR."
(7) A provider may not bill more than 4 dynamic prosthetic test sockets without documentation of medical necessity. If the physician's prescription or medical condition requires utilization of more than 4 test sockets, then a report shall be included with the bill that outlines a detailed description of the medical condition or circumstances that necessitate each additional test socket provided.
History: 2000 MR 6, Eff. May 11, 2000.

PART 4. SURGERY

R 418.10401 Global surgical procedure.

Rule 401. (1) A global surgical procedure shall include all of the following:
(a) All office, home, and hospital visits occurring after the physician determines the need for surgery or those visits that are related to, or are preparatory to, the surgery. A consult to determine the need for surgery is not considered part of the global procedure.
(b) Surgery, intra-operative procedures, and local anesthetic.
(c) Normal uncomplicated care occurring during the follow-up day period
indicated for the surgical procedure.
(d) Removal of sutures shall always be included in the surgical procedure when removed by the same practitioner or by a practitioner in the same facility or health care organization where the initial surgery occurred.
(e) Operative report.
(2) Intra-operative procedures shall include any of the following:
(a) Local infiltration of medication at the time of operation.
(b) Suture removal by the operating physician.
(c) Surgical approach.
(d) Wound culture.
(e) Intra-operative photos and video imaging.
(f) Isolation of neurovascular structure.
(g) Simulation of nerves for identification.
(h) Wound irrigation.
(i) Intra-operative supervision and interpretation of imaging by the operating surgeon.
(j) Placement and removal of surgical drain or suction device.
(k) Wound closure.
(l) Application of the initial dressing, splint, or cast, including skin traction, except if specifically excluded from the package.
(m) All intra-operative services performed by the principal surgeon that are a necessary part of the primary

operation.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10403 Complication, exacerbation, recurrence, or presence of otherdisease or injury.

Rule 403. (1) If a complication, exacerbation, recurrence, or the presence of other disease or injury exists that requires additional services, then the services shall be reported and identified by the appropriate procedure code.
(2) Reimbursement shall only be made for services related to, or resulting from, the covered work injury.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10404 Follow-up care occurring during follow-up time period.

Rule 404. (1) Follow-up care for a diagnostic procedure shall refer only to the days required to recover from the diagnostic procedure and not the treatment of the underlying condition.
(2) Follow-up care for a surgical procedure includes only routine, uncomplicated care as part of the surgical service. The follow-up days for the surgical procedures are adopted from the "RBRVS, Fee Schedule: A plain English Guide" as referenced in R 418.10107(c) with the exception of the procedures in table 404 that have 14 follow up days. The follow-up days for each surgical procedure are identified in the "global" column in the manual published by the bureau separate from these rules.
(3) Hospital follow-up care or a hospital visit by the practitioner responsible for the surgery shall be considered part of the surgical follow-up days listed for the procedure and shall not be paid as an independent procedure.

TABLE 404

13131	21034	21160	21295	21450	21899	22855	23395	23630	24160	24576	25101	25316	25526
13132	21040	21172	21296	21451	21925	22899	23397	23650	24164	24577	25105	25320	25530
14040	21041	21175	21299	21452	21930	22900	23400	23655	24200	27579	25107	25330	25535
15050	21044	21179	21300	21453	21935	22999	23405	23660	24201	24582	25110	25331	25545
15100	21045	21180	21310	21454	22100	23000	23406	23665	24301	24586	25111	25332	25560
15120	21050	21181	21325	21461	22101	23020	23410	23670	24305	24587	25112	25335	25565
15240	21060	21182	21330	21462	22102	23035	23412	23675	34320	24600	25115	25337	25574
20680	21070	21183	21335	21465	22110	23040	23415	23680	34330	24605	25116	25350	25575
20693	21077	21184	21336	21470	22112	23044	23420	23800	24331	24615	25118	25355	25600
20694	21079	21188	21337	21480	22114	23066	23430	23802	24340	24620	25119	25360	25605
20802	21080	21193	21338	21485	22210	23075	23440	23900	24342	24635	25120	25365	25611
20805	21081	21194	21339	21490	22212	23076	23450	23920	24350	24650	25125	25370	25620
20808	21082	21195	21340	21493	22214	23077	23455	23921	24351	24655	25126	25375	25622
20816	21083	21196	21343	21494	22220	23100	23460	23929	24352	24665	25130	25390	25624
20822	21084	21198	21344	21495	22222	23101	23462	23935	24354	24666	25135	25931	25628
20824	21086	21206	21345	21497	22224	23105	23465	24000	24356	24670	25136	25392	25630
20827	21087	21208	21346	21499	22305	23106	23466	24006	24360	24675	25145	25933	25635
20838	21088	21209	21347	21501	22310	23107	23470	24066	24361	24685	25150	25400	25645
20900	21089	21210	21348	21502	22315	23120	23472	24075	24362	24800	25151	25405	25650
20902	21100	21215	21360	21510	22325	23125	23480	24076	24363	24802	25170	25415	25660
20910	21110	21230	21365	21550	22326	23130	23485	24077	24365	24900	25210	25420	25670
20912	21116	21235	21366	21555	22327	23140	23490	24100	24366	24920	25215	25425	25675
20922	21120	21240	21385	21556	22548	23145	23491	24101	24400	24925	25230	25426	25676
20924	21121	21242	21386	21557	22554	23146	23500	24102	24410	24930	25240	25440	25680
20926	21122	21243	21387	21600	22556	23150	23505	24105	24420	24931	25246	25441	25685
20955	21123	21244	21390	21610	22558	23155	23515	24110	24430	24935	25248	25442	25690
20960	21125	21245	21395	21615	22590	23156	23520	24115	24435	24940	25250	25443	26508

20962	21127	21246	21400	21620	22595	23170	23530	24116	24470	24999	25251	25444	26510
20969	21137	21247	21401	21627	22600	23172	23532	24120	24495	25000	25260	25445	26516
20970	21138	21248	21406	21630	22610	23174	23540	24125	24498	25020	25263	25446	26517
20971	21139	21249	21407	21632	22612	23180	23545	24130	24500	25023	25265	25447	26518
20972	21141	21255	21408	21700	22630	23182	23550	24134	24505	25028	25270	25449	26520
20973	21142	21256	21421	21705	22800	23184	23552	24136	24515	25031	25272	25450	26525
20999	21143	21260	21422	21720	22802	23190	23570	24138	24516	25035	25274	25455	26530
21010	21145	21261	21423	21725	22804	23195	23575	24140	24530	25040	25280	25490	26531
21015	21146	21263	21431	21740	22808	23200	23585	24145	24535	25065	25290	25491	26535
21025	21147	21267	21432	21750	22810	23210	23600	24147	24538	25066	25295	25492	26536
21026	21150	21268	21433	21800	22812	23220	23605	24150	24545	25075	25300	25500	26540
21029	21151	21270	21435	21805	22830	23221	23615	24151	24560	25076	25301	25505	26541
21030	21154	21275	21436	21810	22849	23222	23616	24152	24565	25077	25310	25515	26542
21031	21155	21280	21440	21820	22850	23331	23620	24153	24566	25085	25312	25520	26545
21032	21159	21280	21445	21825	22852	23332	23625	24155	24575	25100	25315	25525	26548

25695	26596	26117	26989	26416	27146	27240	27372	27468	27590	27692	27832	28124	29843
25800	26597	26121	26990	26418	27147	27244	27380	27470	27591	27695	27840	28126	29844
25805	26600	26123	26991	26420	27151	27245	27381	27472	27592	27696	27842	28130	29845
25810	26605	26125	26992	26426	27156	27246	27385	27475	27594	27698	27846	28140	28420
25820	26607	26130	27000	26428	27161	27248	27386	27477	27596	27700	27848	28150	28430
25825	26608	26135	27001	26432	27165	27250	27390	27479	27598	27702	27860	28153	28435
25830	26615	26140	27003	26433	27170	27252	27391	27486	27599	27703	27870	28160	28436
25900	26641	26145	27005	26434	27176	27253	27392	27487	27600	27701	27871	28192	28445
25905	26645	26160	27006	26437	27177	27254	27393	27488	27601	27705	27880	28193	28450
25907	26650	26170	27025	26440	27178	27265	27394	27495	27602	27707	27881	28200	28455
25909	26665	26180	27030	26442	27179	27266	27395	27500	27603	27709	27832	28202	28456
25915	26670	26200	27033	26445	27181	27275	27396	27501	27604	27712	27882	28208	28470
26550	26675	26770	27035	27086	27187	27280	27397	27502	27607	27720	27884	28210	28475
26552	26676	26775	27041	27087	27193	27282	27400	27503	27610	27724	27886	28220	29846
26555	26037	26776	26352	27090	26485	27284	27403	27506	27612	27745	27888	28222	29847
26557	26040	26785	26356	27091	26489	27286	27405	27507	27614	27750	27889	28225	29848
26558	26045	26820	26357	27097	26490	27290	27407	27508	27620	27752	27892	28226	29850
26559	26055	26841	26358	27098	26492	27295	27409	27509	27625	27756	27893	28230	29851
26560	26060	26842	26370	27100	26494	27299	27418	27510	27626	27758	27894	28232	29855
26561	26070	26843	26370	27105	26496	27301	27420	27511	27630	27759	27899	28234	29856
26562	26075	26844	26373	27110	26497	27303	27422	27513	27635	27760	28003	28238	28476
26565	26080	26850	26390	27111	26498	27305	27424	27514	27637	27762	28005	28240	28485
26567	26100	26852	26392	27120	26499	27306	27425	27516	27638	27766	28010	28250	28490
26568	26105	26860	26410	27122	26500	27307	27427	27517	27640	27780	28011	28260	28495
26580	26115	26861	26412	27125	26502	27310	27428	27519	27641	27781	28020	28261	28496
26585	26116	26862	26415	27130	26504	27315	27429	27520	27650	27784	28022	28264	28505
26587	26685	26863	27050	27132	27194	27320	27430	27524	27652	27786	28024	28270	28510
26590	26686	26910	27052	27134	27200	27324	27435	27530	27654	27788	28030	28272	28515
25920	26700	26205	27054	26449	27202	27330	27437	27532	27656	27792	28035	28300	28525
25922	26705	26210	27060	26450	27215	27331	27438	27535	27658	27808	28050	28302	28531
25924	26706	26215	27062	26455	27216	27332	27440	27536	27659	27810	28052	28304	29870
25927	26715	26230	27065	26460	27217	27333	27441	27538	27664	27814	28054	28305	29871

25929	26720	26235	27066	26471	27218	27334	27442	27540	27665	27816	28060	28315	29874
25931	26725	26236	27067	26474	27220	27335	27443	27550	27675	27818	28062	28320	29875
25999	26727	26250	27070	26476	27226	27340	27445	27552	27676	27822	28070	28322	29876
26020	26735	26255	27071	26477	27227	27345	27446	27556	27680	27823	28072	28400	29877
26025	26740	26260	27075	26478	27228	27350	27447	27558	27681	27826	28086	28406	29879
26030	26742	26261	27076	26479	27230	27355	27448	27560	27685	27827	28088	28415	28540
26034	26746	26262	27077	26480	27232	27356	27450	27562	27686	27828	28090	29836	28545
26035	26750	26350	27078	26483	27235	27357	27454	27566	27687	27829	28092	29837	28546
26591	26755	26951	27079	27137	27236	27360	27465	27570	27690	27830	28120	29838	28555
26593	26765	26952	27080	27140	27238	27365	27466	27580	27691	27831	28122	29840	28570

28575	28750	29909
28576	28755	35206
28585	29887	35207
28600	29888	64718
28605	29889	64719
29880	29894	64721
29881	29895	29819
29882	29897	29820
29883	29897	29821
29884	28760	29822
29885	28800	29823
29886	28805	29825
28615	28810	29826
28645	28820	29830
28675	28825	29834
28705	28899	29835
28715	29799	64830
28725	29804	64831
28730	29815	64856
28740	29898	64891

History: 2000 MR 6, Eff. May 11, 2000.

R 418.10405 Injections.

Rule 405. (1) If 3 or more injections into joints or bursae are billed within 1 month, the bill shall include documentation of medical necessity.

(2) An injection procedure shall include all of the following:

(a) Introduction of needles or catheters.

(b) Local anesthesia.

(c) Necessary pre-injection and post-injection care specifically related to the injection procedure.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.10406 Integumentary system; wound repair.

Rule 406. (1) The provider shall bill a wound repair as follows:

(a) The provider shall measure and record in centimeters, and describe the repaired wound as curved, angular, or stellate.

(b) The wound repair shall be classified as simple, intermediate or complex. If multiple wounds are repaired, the lengths in each classification and from all anatomic sites are grouped together into the same code descriptor and reported as a single item.

(c) If more than 1 classification of wound is repaired, then the provider shall list the most complicated wound repair as the primary procedure and the less complicated as the secondary procedure, using modifier -51.
(2) The Integumentary repair includes surgical cleansing and trimming of the wound edges and the carrier shall not reimburse as an separate procedure.
(3) Simple ligation of vessels in an open wound shall be considered as part of any wound closure, and the carrier shall not reimburse as a separate procedure.
(4) Simple exploration of nerves, blood vessels, or tendons exposed in an open wound shall be considered part of the essential treatment of the wound, and is not an independent procedure unless appreciable dissection is required.
(5) The repair of nerves, blood vessels, and tendons shall be considered as part of the primary procedure, except when the wound is complex, in which case modifier code -51 applies.
(6) Excision and repair by adjacent tissue transfer, or both, or rearrangement, Z-plasty, V-Y plasty, W-plasty, rotation flap, advanced flap, or double pedicle flap, shall apply only if the procedure listed must be developed by the practitioner to accomplish the repair, and shall not apply when direct closure or rearrangement of traumatic wounds incidentally result in these configurations.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10407 Debridement.

Rule 407. (1) Debridement shall be considered an independent procedure only if gross contamination requires prolonged cleansing, if appreciable amounts of devitalized or contaminated tissue are removed, or if debridement is performed without immediate primary closure.
(2) If the practitioner bills a debridement procedure code, then the operative report shall include a full description of the debridement. If the operative report does not include a full description of the debridement, then the debridement procedure shall not be paid.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10410 Incidental surgeries.

Rule 410. The carrier shall not pay a bill for an incidental surgery which is not part of the primary procedure performed, and for which there is no diagnostic evidence or relationship to the covered work injury.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10411 Casting and strapping procedures.

Rule 411. (1) A casting or strapping procedure code shall include the supplies and the application and removal of the cast or strapping when rendered by the same practitioner.
(2) Procedure codes 29000-29740 apply as follows:
(a) The cast application or strapping is a replacement procedure used during or after the period of follow-up care.
(b) The cast application or strapping is an initial service performed without a restorative treatment procedure or procedures to stabilize or protect a fracture, injury, or dislocation. The cast application or strapping may also be used to afford comfort to a patient.
(3) Restorative treatment procedure or procedures rendered by another physician following the application of the initial cast, splint, or strap may be reported with a treatment of fracture and or dislocation code.
(4) A physician who applies the initial cast, strap, or splint and also assumes all of the subsequent fracture, dislocation, or injury care shall not use the application of casts and strapping codes as an initial service, because the first cast, splint, or strap application is included in the treatment of fracture and dislocation codes.
(5) A temporary cast, splint, or strap is not considered part of the preoperative care, and the use of modifier code -56 is not applicable. Additional evaluation and management services are reportable only if further significant identifiable services are provided at the time of the cast application or strapping.
(6) If a cast application or strapping is provided as an initial service (e.g., casting of a sprained ankle or knee) in which no other procedure or treatment (e.g., surgical repair, reduction of a fracture or joint dislocation)is performed or is expected to be performed by a physician rendering the initial care only, use the

casting, strapping code in addition to an evaluation and management code as appropriate.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10415 Starred (*) surgical procedures.

Rule 415. (1) When the starred (*) surgical procedure is carried out at the time of an initial visit (new patient) and this procedure constitutes the major service at that visit, procedure code 99025 is listed in place of the usual initial visit as an additional service.
(2) When the starred (*) surgical procedure is carried out at the time of an initial or established visit involving significant identifiable services, the appropriate visit is listed with modifier -25 in addition to the starred (*) surgical procedure and its follow-up care.
(3) When the starred (*) surgical procedure requires hospitalization, an appropriate hospital visit is listed in addition to the starred (*) surgical procedure and its follow-up care.
(4) A starred (*) surgical procedure, minor surgical procedure, shall include the services specified in R 418.401 and the 10-day follow-up period for the designated procedure code.
(6) When follow-up days are not included in the starred (*) surgical procedure, all postoperative care is added on a service-by-service basis.
(7) Complications are added on a service-by-service basis (as with all surgical procedures).
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10416 Assistant surgeon.

Rule 416. (1) The carrier shall reimburse for an assistant surgeon service for those surgical procedures preceded by a "T," in the heath care services manual published separate from these rules.
(2) One of the following shall provide assistant surgeon services:
(a) A doctor of dental surgery.
(b) A doctor of osteopathy.
(c) A doctor of medicine.
(d) A doctor of podiatry.
(e) A physician's assistant.
(f) A nurse with a specialty certification.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10417 Ophthalmological surgical procedures.

Rule 417. Ophthalmological surgical procedure codes for the removal of a foreign body include topical anesthesia, fluorescein staining, and lavage.
History: 2000 MR 6, Eff. May 11, 2000.

PART 5. RADIOLOGY, RADIATION THERAPY, AND NUCLEAR MEDICINE

R 418.10501 Complete radiologic procedures.

Rule 501. The complete radiologic procedure does not include the cost of radioisotopes. The complete procedure shall include the cost of all of the following, where applicable, with respect to the radiological service:
(a) Personnel.
(b) Materials.
(c) Contrast media, except for gadolinium and low osmolar contrast medium, and drugs.
(d) Film or xerograph.
(e) Space.
(f) Equipment.
(g) Supervision.
(h) Interpretation.
(i) Injection procedures.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10502 Supervision and interpretation procedures.

Rule 502. (1) If a radiology procedure is performed by two physicians, the radiologic portion of the procedure is designated as the "radiological supervision and interpretation."
(2) If a physician performs the procedure and provides imaging supervision and interpretation, then a combination of procedure codes outside the 70000 series of codes is used by the provider to report the service.
(3) If an x-ray is taken in a hospital, then the radiologist shall be paid the professional component of the procedure code and the hospital shall be paid the technical component.
(4) The carrier shall reimburse for a complete radiology procedure performed and billed by an independent radiology clinic or a doctor of chiropractic, doctor of dental surgery, doctor of medicine, doctor of osteopathy, or doctor of podiatry in the practitioner's office.
(5) The carrier shall not pay for review of an x-ray by a practitioner other than the radiologist or the practitioner who performs the complete radiology procedure. If a provider reviews an x-ray during an evaluation and management service, then the carrier shall not pay for review of the x-ray as a separate procedure, because the evaluation and management service includes review of tests and measurements.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10503 Injection procedures.

Rule 503. An injection procedure for radiography shall include all usual pre-injection and post-injection care specifically related to the injection procedure necessary for local anesthesia, placement of needle or catheter, and injection of contrast media.
History: 2000 MR 6, Eff. May 11, 2000.

PART 7. DENTAL

R 418.10701 Scope.

Rule 701. (1) Dental services, related to, or resulting from, a covered work-related injury are covered under these rules. Incidental dental services are not covered.
(2) The bureau shall publish a copy of the claim form and instructions for completion separate from these rules.
History: 2000 MR 6, Eff. May 11, 2000.

PART 9. BILLING
SUBPART A. PRACTITIONER BILLING

R 418.10901 General Information.

Rule 901. (1) All health care practitioners and health care organizations, as defined in these rules, shall submit charges on the proper claim form as specified in this rule. Copies of the claim forms and instruction for completion for each form shall be published separate from these rules in a manual distributed by the health care services division of the bureau.
(a) A practitioner shall submit charges on the HCFA 1500 claim form.
(b) A doctor of dentistry shall submit charges on a standard dental claim form approved by the American Dental Association.
(c) A pharmacy, other than an inpatient hospital, shall submit charges on an invoice or a pharmacy universal claim form.
(d) A hospital-owned occupational, industrial clinic, or office practice shall submit charges on the HCFA 1500 claim form.
(e) A hospital billing for a practitioner service shall submit charges on a HCFA 1500 claim form.
(f) Ancillary service charges shall be submitted on the HCFA 1500 claim form for home health, ambulance, vision, and hearing services.
(g) A shoe supplier or wig supplier shall submit charges on an invoice.
(2) A provider shall submit all bills to the carrier within one year of the date of service for consideration of payment except in cases of litigation or subrogation.

(3) A properly submitted bill shall include the following appropriate documentation:
(a) A copy of the medical report for the initial visit.
(b) An updated progress report if treatment exceeds 60 days.
(c) A copy of the initial evaluation and a progress report every 30 days of physical treatment, physical or occupational therapy, or manipulation services.
(d) A copy of the operative report or office report if billing surgical procedure codes 10040-69990.
(e) A copy of the anesthesia record if billing anesthesia codes 00100-01999.
(f) A copy of the radiology report if submitting a bill for a radiology service accompanied by modifier -26.
(g) A report describing the service if submitting a bill for a "by report" procedure.
(h) A copy of the medical report if a modifier is applied to a procedure code to explain unusual billing circumstances.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10904 Procedure codes and modifiers.

Rule 904. (1) A health care service shall be billed with procedure codes adopted from "Current Procedural Terminology" or "HCPCS, Medicare's National Level II Codes," as referenced in R 418.10107 of these rules. These codes shall not be included in these rules, but shall be listed in a separate manual published by the bureau. Refer to "Current Procedural Terminology" for standard billing instructions, except where otherwise noted in these rules.
(2) The following ancillary service providers shall bill codes from "HCPCS, Medicare's National Level II Codes" as referenced in R 418.10107 of these rules to describe the ancillary services:
(a) Ambulance providers.
(b) Certified orthotists and prosthetists.
(c) Medical suppliers, including expendable and durable equipment.
(d) Hearing aid vendors and suppliers of prosthetic eye equipment.
(3) A home health agency shall bill a code from the following table to describe nursing assessments, skilled care, or home health aides per hour.

WC Code	Description
HO100	Skilled nursing care
HO300	Nursing care evaluation
HO550	Home health aide per hour
H9999	Not otherwise classified

(4) If a practitioner performs a procedure that cannot be described by one of the listed CPT or HCPCS codes, then the practitioner shall bill the unlisted procedure code. An unlisted procedure code shall only be reimbursed when the service cannot be properly described with a listed code and the documentation supporting medical necessity includes the following:
(a) Description of the service.
(b) Documentation of the time, effort, and equipment necessary to provide the care.
(c) Complexity of symptoms.
(d) Pertinent physical findings.
(e) Diagnosis.
(f) Treatment plan.
(5) The provider shall add a modifier code to the end of the correct procedure code to describe unusual circumstances arising in the treatment of a covered injury or illness or to describe the practitioner who performs the service.
(a) If a modifier code is applied to a procedure, then the report shall include the circumstance requiring the use of a modifier code.
(b) Modifier codes are as follows:

TABLE 10904

Modifier Codes

-21 Prolonged evaluation and management service: When the face-to-face, floor, or unit service or services provided are prolonged or otherwise greater than that usually required for the highest level of evaluation and management service within a given category, it shall be identified by adding modifier -21 to the evaluation and management code.

-22 Unusual services: When the service or services provided is greater than that usually required for the listed procedure, it shall be identified
by adding modifier -22 to the usual procedure code.

-23 Unusual anesthesia: Occasionally, a procedure which usually
requires either no anesthesia or local anesthesia, because of unusual circumstances, must be done under general anesthesia. The procedure shall be reported by adding modifier -23 to the procedure code of the basic service.

-24 Unrelated evaluation and management service by the same physician during postoperative period: If the physician needs to indicate that an evaluation and management service was performed during a postoperative period for a reason or reasons unrelated to the original problem, the circumstance shall be reported by adding the modifier -24.

-25 Significant, separately identifiable evaluation and management service by the same physician on the same day of the procedure or other service: If the physician needs to indicate that on the day a procedure or service identified by a CPT code was performed, the patient's condition required a significant, separate identifiable evaluation and management service above and beyond the other service provided or beyond the usual preoperative and postoperative care associated with the procedure that was performed, the circumstance shall be reported by adding the modifier -25 to the appropriate level of evaluation and management service. Modifier -25 shall not be used to report an evaluation and management service that results in a decision to perform surgery.

-26 Professional component: Certain procedures are a combination of a professional component and a technical component. When the physician component is reported separately, the service shall be identified by adding the modifier -26 to the usual procedure code.

-32 Mandated services: Services related to mandated consultation or related services, or both, shall be identified by adding the modifier -32 to the basic procedure.

-47 Anesthesia by surgeon: Regional or general anesthesia provided by the surgeon shall be reported by adding the modifier -47 to the basic procedure code. This does not include local anesthesia.

-50 Bilateral procedure: Unless otherwise identified in the listings, bilateral procedures that are performed at the same operative session shall be identified by adding modifier -50 to the appropriate procedure code.

-51 Multiple procedures: When multiple surgical procedures/services (other than evaluation and management) are performed at the same session, by the same provider, the primary procedure or service is reported as listed. The additional procedures shall be identified by appending the modifier -51. Note: This modifier shall not be appended to designated add-on codes listed in CPT.

-52 Reduced services: Under certain circumstances, a procedure is partially reduced or eliminated at the practitioner's discretion. Under these circumstances, the service provided shall be identified by its usual procedure code and the addition of the modifier -52.

-53 Discontinued procedure: If the physician elects to terminate a surgical or diagnostic procedure because of extenuating circumstances or circumstances that threaten the well being of the patient, the decision to terminate or discontinue the procedure shall be reported by adding modifier -53 to the code of the discontinued procedure. Modifier -53 shall not be used to report the elective cancellation of a procedure before the patient's anesthesia induction or surgical preparation in the operating suite, or both.

-54 Surgical care only: When 1 practitioner performs a surgical procedure and another provides preoperative or postoperative management or both, surgical services shall be identified by adding the modifier -54 to the procedure code.

-55 Postoperative management only: When 1 practitioner performs the postoperative management and another practitioner performs the surgical procedure, the postoperative component shall be identified by adding the modifier -55 to the usual procedure code.

-56 Preoperative management only: When 1 practitioner performs the preoperative care and evaluation and

another practitioner performs the surgical procedure, the preoperative component shall be identified by adding modifier -56 to the usual procedure code.

-57 Decision for surgery: An evaluation and management service that results in the initial decision to perform the surgery may be identified by adding modifier -57 to the appropriate level of evaluation and management service.

-58 Staged or related procedure or service by the same physician during the postoperative period: If the physician needs to indicate that the performance of a procedure or service during the postoperative period was planned prospectively at the time of the original procedure, was more extensive than the original procedure, or was for therapy following a diagnostic surgical procedure, the circumstance shall be reported by adding modifier -58 to the staged or related procedure.

-59 Distinct procedural service: If the physician needs to indicate that a procedure or service was distinct or independent from the other services performed on the same day, modifier -59 shall be used to identify the procedure or service, or both that are not normally reported together, but are appropriate under the circumstances.

-62 Two surgeons: When 2 surgeons work together as primary surgeons performing distinct parts of a single reportable procedure, each surgeon should report his distinct operative work by adding the modifier-62 to the single definitive procedure code. Each surgeon should report the co-surgery once using the same procedure code. If additional procedure or procedures are performed during the same surgical session, separate codes may be reported without the modifier -62. Note: If a co-surgeon acts as an assistant in the performance of additional procedures during the same surgical session, those services may be reported using separate procedures with modifier -80 or -81 as appropriate.

-66 Surgical team: Under some circumstances, highly complex procedures require the concomitant services of several physicians, often of different specialities, and other highly skilled, specially trained personnel who utilize various types of complex equipment are carried out under the "surgical team" concept. This circumstance shall be identified by each participating physician by adding modifier -66 to the basic procedure code number used for reporting services.

-76 Repeat procedure by same practitioner: When the practitioner needs to indicate that a procedure or service was repeated subsequent to the original service, the practitioner shall report the repeat procedure or service by adding modifier -76 to the procedure code.

-77 Repeat procedure by another practitioner: The practitioner may need to indicate that a basic procedure performed by another practitioner had to be repeated. This shall be reported by adding modifier -77 to the repeated service.

-78 Return to the operating room for a related procedure during the postoperative period: When the physician needs to indicate that another procedure was performed during the postoperative period of the initial procedure and the subsequent procedure is related to the first and requires the use of the operating room, the subsequent procedure shall be reported by adding modifier -78 to the related procedure code.

-79 Unrelated procedure or service by the same physician during the postoperative period: When the physician needs to indicate that the performance of a procedure or service during the postoperative period was unrelated to the original procedure, modifier -79 shall be used to describe the circumstance.

-80 Assistant surgeon: When surgical assistant services are provided by a doctor of dental surgery, doctor of medicine, doctor of osteopathy, or a doctor of podiatry, modifier -80 shall be added to the usual procedure code or codes to identify the service.

-81 Minimum assistant surgeon: When surgical assistant services are provided by a physician's assistant or nurse practitioner, modifier -81 shall follow the appropriate procedure code or codes to identify the service.

-90 Reference, outside, laboratory: When laboratory procedures are performed by a party other than the treating or reporting practitioner, the procedure shall be identified by adding the modifier -90 to the usual procedure code.

-99 Multiple modifiers: When 2 or more modifiers are necessary to delineate a service, modifier -99 shall follow the basic procedure, and other applicable modifiers shall be listed as a part of the description of the service.

-SA Supervision of anesthesia services: When an anesthesiologist supervises a certified registered nurse anesthetist or anesthesiology resident, modifier -SA shall follow the appropriate anesthesia procedure code.

-AA Anesthesiologist services: When an anesthesiologist bills for services performed by the anesthesiologist,

modifier -AA shall follow the appropriate anesthesia procedure code.
-AH Licensed psychologist: When a licensed psychologist bills a diagnostic service or a therapeutic service, or both, modifier -AH shall follow the appropriate procedure code.
-AJ Certified social worker: When a certified social worker bills a service, modifier -AJ shall follow the appropriate procedure code.
-AK Nurse with a specialty certification: When a nurse with a specialty certification, as defined in these rules, bills a service other than assistant at surgery, modifier -AK shall follow the appropriate procedure code.
-AL Limited license psychologist: When a limited license psychologist bills a diagnostic service or a therapeutic service, or both, modifier -AL shall follow the appropriate procedure code.
-AU Physician's assistant: When a physician's assistant bills a service other than assistant at surgery, modifier -AU shall follow the appropriate procedure code.
-CS Limited licensed counselor: When a limited licensed counselor bills
a service, modifier -CS shall follow the appropriate procedure code.
-LC Licensed professional counselor: When a licensed professional counselor performs a service, modifier -LC shall follow the appropriate procedure code.
-MF Licensed marriage and family therapist: When a licensed marriage and family therapist performs a service, modifier -MF shall follow the appropriate procedure code.
-ML Limited licensed marriage and family therapist: When a limited licensed marriage and family therapist performs a service, modifier -ML shall follow the appropriate procedure code.
-PC Patient-controlled analgesia: When a service is provided by a physician who owns the patient-controlled analgesia equipment, modifier -PC shall follow procedure code 01999.
-TC Technical component of a service, e.g., technical component of a radiology service.
-QX Certified registered nurse anesthetist: When a certified registered nurse anesthetist performs a service under the direction of an anesthesiologist, modifier -QX shall follow the appropriate anesthesia procedure code.
-QZ Certified registered nurse anesthetist base units: When a certified registered nurse anesthetist performs and bills base units, modifier -QZ shall follow the appropriate anesthesia procedure code.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10905 Billing for physical and occupational therapy.

Rule 905. (1) A physical or occupational therapist shall bill procedure codes 97001-97799. A certified occupational therapist or physical therapist in independent practice shall place his or her signature and license or certification number on the bill.
(2) Only a certified occupational therapist or a licensed physical therapist shall bill for job site evaluation or treatment. The reimbursement for these procedures shall be contractual between the carrier and provider and shall be billed as listed in the following table:

WC500	Job site evaluation; patient specific, initial 60 minutes
WC505	each additional 30 minutes, by contractual agreement
WC550	Job site treatment; patient specific, initial 60 minutes
WC555	each additional 30 minutes, by contractual agreement
WC600	Mileage for job site evaluation or job site treatment per mile

(3) Procedures 97504 and 97520 shall only be reimbursed when billed by an occupational or physical therapist.
(4) Only a licensed, registered, or certified physical or occupational therapist shall bill for work hardening services, "by report" procedure codes 97545 and 97546.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10907 Billing codes for site of service and type of service.

Rule 907. (1) If a provider, other than a dentist, completes a billing form, then the place of service shall be

identified by using 1 of the following codes:
(a) 1 or 21 - Inpatient hospital.
(b) 2 or 22 - Outpatient hospital.
(c) 3 or 11 - Office or clinic.
(d) 4 or 12 - Patient home.
(e) 5 or 52 - Day care facility (psychiatric facility/part hospital).
(f) 7 or 32 - Nursing home/nursing facility.
(g) 8 or 31 - Skilled nursing facility.
(h) 9 or 41 - Ambulance (land).
(i) 0 or 99 - Other locations (other unlisted facility).
(j) A or 81 - Independent laboratory.
(k) B or 24 - Other medical/surgical facility (free-standing outpatient surgical center).
(l) C - Residential treatment center (adult foster care).
(m) G or 23 - Emergency room - hospital.
(n) J or 33 - Custodial care.
(o) K or 34 - Hospice.
(p) L or 42 - Ambulance (air or water).
(q) M or 51 - Inpatient psychiatric facility.
(r) N or 53 - Community mental health.
(s) O or 56 - Psychiatric residential facility.
(2) If a provider completes a billing form, the type of service shall be identified using 1 of the following codes listed below:
(a) 1 - Medical care.
(b) 2 - Surgery.
(c) 3 - Consultation.
(d) 4 - Diagnostic x ray.
(e) 5 - Diagnostic laboratory.
(f) 6 - Radiation therapy.
(g) 7 - Anesthesia.
(h) 8 - Assistance at surgery.
(i) 9 - Other medical service.
(j) 0 - Blood or packed red cells.
(k) A - Used durable medical equipment.
(l) F - Ambulatory surgical center.
(m) H - Hospice.
(n) L - Renal supplies in the home.

R 418.10911 Billing requirements for ancillary services.

Rule 911. (1) A bill for the following ancillary services shall include a copy of a written prescription by a licensed practitioner. Documentation of a prescription drug or medical supply in the clinical record shall constitute the prescription for services dispensed in a practitioner's office or in a health care organization.
(a) Prescription medications.
(b) Medical supplies and equipment, except when dispensed by a facility or health care organization.
(c) Hearing aids, shoes, and wigs.
(d) Home health services.
(e) Orthoses and prostheses.
(f) Physical and occupational therapy.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10912 Billing for prescription medications.

(1) These rules shall apply to a provider of prescription drugs only after the pharmacy has either written or oral confirmation from the carrier that the prescriptions or supplies are covered by workers' compensation insurance.

(2) A bill or receipt for a prescription drug from an outpatient pharmacy, practitioner, or health care organization shall include all of the following information:
(a) The brand or chemical name of the drug dispensed.
(b) The manufacturer or the supplier's name.
(c) The dosage, strength, and quantity dispensed of the drug.
(d) The name and address of the pharmacy that dispensed the drug.
(e) The serial number of the prescription.
(f) The date the drug was dispensed.
(g) The name of the prescriber of the drug.
(h) The name, address, and social security number of the patient.
(i) The price for which the drug was sold to the purchaser.
(j) The national drug code number.
(k) The national association board of pharmacy identification number.
(3) If a practitioner or health care organization other than an inpatient hospital dispenses a prescription drug, then procedure code 99070 shall be used to code the procedure and the national drug code number from the "Red Book" shall be used to identify the drug.
(4) If a practitioner or a health care organization other than an inpatient hospital dispenses a drug, then the practitioner shall bill WC700 to describe the dispense fee each prescription drug. Not more than 1 dispense fee of $4.00 shall be paid per each prescription drug in a 10-day period. A dispense fee shall not be billed with "OTC"'s, over-the-counter drugs.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10913 Billing for durable medical equipment and supplies.

Rule 913. (1) A bill for a medical supply or durable medical equipment shall be accompanied by a prescription, except if dispensed by a health care organization or a facility. The provider shall bill the appropriate code from the "Medicare National Level II HCPCS Codes" as adopted by reference in R 418.10107.
(2) A bill for durable medical equipment shall include the procedure code, the manufacturer's name, the model number if available and the serial number. Bills for durable medical equipment may be for rental or purchase dependent upon requirements of the injured worker.
(3) A bill for an expendable medical supply shall include the brand name and the quantity dispensed.
(4) A bill for a miscellaneous supply, for example; either a wig, shoes, or shoe modification, shall be submitted on an invoice if the supplier is not listed as a health care professional.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10915 Billing for anesthesia services.

Rule. 915. (1) Anesthesia services shall consist of 2 components. The 2 components are base units and time units. Each anesthesia procedure code is assigned a value for reporting the base units. The anesthesia codes and base units shall be published separate from these rules by the bureau.
(2) The anesthesia base units shall include all of the following:
(a) The pre-anesthesia evaluation.
(b) Preparation.
(c) Post-anesthesia care.
(3) Anesthesia time shall begin when the provider physically starts to prepare the patient for induction of anesthesia in the operating room and shall end when the provider is no longer in constant attendance. The total time in minutes shall be listed in the days or units column of the HCFA 1500 claim form.
(4) An anesthesia service may be provided by an anesthesiologist, anesthesia resident, a certified registered nurse anesthetist, or both. When billing for both the anesthesiologist and a certified registered nurse anesthetist, the anesthesia procedure code shall be listed on 2 lines of the HCFA 1500 with the appropriate modifier on each line.
(5) Time units are identified by a modifier applied to the anesthesia procedure code as follows:
(a) Modifier -AA indicates the anesthesia service is administered by the anesthesiologist.
(b) Modifier -SA indicates the anesthesiologist has supervised a certified registered nurse anesthetist, who is

employed by either a hospital, the anesthesiologist, or is self-employed.
(c) Modifier -QX indicates the certified registered nurse anesthetist has administered the procedure under the direction of the anesthesiologist.
(d) Modifier -QZ indicates the certified registered nurse anesthetist has administered the complete anesthesia service without medical direction of an anesthesiologist.
(6) Total anesthesia units shall be calculated by adding the anesthesia base units to the anesthesia time units.
(7) Anesthesia services may be administered by any of the following:
(a) A licensed doctor of dental surgery.
(b) A licensed doctor of medicine.
(c) A licensed doctor of osteopathy.
(d) A licensed doctor of podiatry.
(e) A certified registered nurse anesthetist.
(f) A licensed anesthesiology resident.
(8) If anesthesia is provided by the surgeon, then only the base units shall be paid.
(9) If a provider bills physical status modifiers, then documentation shall be included with the bill to support the additional risk factors. When billed, the physical status modifiers are assigned unit values as defined in the following table:

	Anesthesiology Physical Status Modifiers	Unit Value
P1	A normal healthy patient	0
P2	A patient with mild systemic disease	0
P3	A patient with severe systemic disease	1
P4	A patient with severe systemic disease that is a constant threat to life	2

(10) Procedure code 99140 shall be billed as an add-on procedure if an emergency condition, as defined in R 418.10108, complicates anesthesia. Procedure code 99140 shall be assigned 2 anesthesia units. Documentation supporting the emergency shall be attached to the bill.
(11) If a pre-anesthesia evaluation is performed and surgery is not subsequently performed, then the service shall be reported as an evaluation and management service.
(12) If the physician owns the patient-controlled analgesia equipment and provides patient-controlled anesthesia service, then the physician shall bill the service using procedure code 01999 and modifier -PC. Modifier code -PC means patient-controlled analgesia. Procedure code 01999-PC shall include the initial evaluation and up to 3 days of follow-up care. The maximum payment shall be $137.00.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10916 Billing for minor practitioner services performed in an outpatient hospital setting.

Rule 916. (1) This rule applies to the practitioner component of minor procedures that can safely be performed in a setting other than an outpatient hospital. If a practitioner or health care organization submits a bill for a procedure code listed in table 10916 in the outpatient hospital setting, then modifier code -26 shall be added to the procedure code and the carrier shall pay 40% of the maximum allowable fee for the procedure. A radiologist shall be reimbursed by the maximum allowable payment for the professional component of the procedure, identified by modifier -26.
(2) This rule shall not apply to the following instances:
(a) During an inpatient, observation stay, or services appropriately performed in the emergency room department.
(b) For procedures performed during an outpatient surgery.
(c) If procedures from Table 10916 are performed during the course of an outpatient setting in conjunction with a procedure that is appropriately performed in the outpatient setting; for example, a radiology procedure with a myelogram or outpatient surgery.
(3) This rule shall not apply if the procedure is performed by an emergency room physician granted

privileges by the hospital to practice in the emergency room.
(4) Table 10916 reads as follows:

TABLE 10916

10060	20550-20610	30300	53670-53675	92002-92014
10120	20665-20670	30901	65205-65222	92230-92504
10140	23065	40800	67700	92531-92599
10160	23330	40804	67715-67805	92230-92499
11000	24065	40820	67810-67825	93740
11040	24200	41000-41005	67938	94010-95065
11100-11101	25065	41800-41805	69000	95115-95199
11720-11750	26010	42310	69020	95180
11900-11901	27040	45300	70030-70360	98925-98943
12001-12004	27086	45330	70450-71030	99195
15860	27323	46050	71100-72220	99201-99215
16000	27613	50398	73000-74020	99241-99245
16020-16030	28001	51000	74400-74420	99281-99285
20500	28190	51700-51710	78300-78699	99801-99815
20520	30000-30100	53600-53661	90901-90911	

History: 2000 MR 6, Eff. May 11, 2000.

R 418.10918 Billing procedure codes that only have a professional component.

Rule 918. Procedure codes in the following table have only a professional component and shall only be billed by a practitioner or a health care organization.

TABLE 10918

20501	27370	50394	88300-88399
21116	27648	50684	93010
23350	31708-31715	50690	93018
24220	36000-36218	51600-51610	93045
25246	36600	62284	93204
27093	38790	62290-62291	

R 418.10920 Billing for supplementary radiology supplies.

Rule 920. (1) If a description of a diagnostic radiology procedure includes the use of contrast materials, then those materials shall not be billed separately as they are included in the procedure.
(2) A radiopharmaceutical diagnostic low osmolar contrast materials and paramagnetic contrast materials shall only be billed when “Current Procedural Terminology” billing instructions indicate supplies shall be listed separately.
(3) A supply for a radiology procedure shall be coded as provided in this rule. A provider shall include an invoice documenting the wholesale price of the contrast material used and the provider shall be reimbursed the wholesale price of the contrast material.

Code	Descriptor
A4641	Supply of radiopharmaceutical diagnostic imaging agent
A4644	Supply of low osmolar contrast material (100-199 mgs. of iodine)
A4645	Supply of low osmolar contrast material (200-299 mgs. of iodine)
A4646	Supply of low osmolar contrast material (300-399 mgs. of iodine)

History: 2000 MR 6, Eff. May 11, 2000.

PART 9. BILLING
SUBPART B. FACILITY BILLING

R 418.10921 Facility billing.

Rule 921. (1) A facility as defined in these rules shall submit facility charges on a UB-92 claim form to the carrier. A copy of the UB-92 form shall be published separate from these rules in a manual distributed by the health care services division of the bureau. The Michigan uniform billing manual referenced in these rules contains instructions for facility billing.
(2) A facility billing for a practitioner service shall bill charges on the HCFA 1500 claim form.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10922 Hospital billing instructions.

Rule 922. (1) When billing for emergency department, outpatient, and inpatient services, a hospital shall bill facility charges on the UB-92 national uniform billing claim form and shall include revenue codes, ICD.9.CM coding, and CPT codes for surgical, radiological, laboratory, medicine, and evaluation and management services.
(2) If billing radiological services or laboratory services, then the technical component shall be billed on the UB-92 national uniform billing claim form.
(3) If billing the professional component of a radiological, laboratory, or medicine and evaluation and management service, a facility shall use the CPT procedure code as adopted in R 418.10107. If billing the professional component of a radiological, laboratory, or diagnostic service, the facility shall use modifier code -26 to identify the professional component. The professional services shall be billed on a HCFA 1500 claim form and coded according to procedure codes listed in “Current Procedural Terminology” and “Medicare’s Level II Codes” as referenced in R 418.10107.
(4) If a hospital clinic bills under a hospital's federal employer identification number, then a hospital clinic facility service shall be identified by using revenue code 510 "clinic."
(5) A hospital shall bill the physical, occupational, and speech therapy services on the UB-92 national uniform billing claim form and the hospital shall be paid according to the hospital's payment ratio. The hospital shall provide the carrier with the initial evaluation and progress notes every 30 days.
(6) A hospital-system owned office practice shall bill all office services as practitioner services on a HCFA 1500, using site of service 3 or 11.
(7) A hospital or hospital-system owned industrial or occupational clinic shall bill all clinic services as practitioner services on a HCFA 1500 form, using site of service 3 or 11.
(8) A hospital or hospital-system owned industrial or occupational clinic shall not use emergency department evaluation and management procedure codes to describe medical services, or site of service 2, 22, or 23.
History: 2000 MR 6, Eff. May 11, 2000.

418.10923 Hospital billing for practitioner services.

Rule 923. (1) A hospital billing for practitioner services, including a certified registered nurse anesthetist, a physician, a nurse who has a specialty certification, and a physician's assistant shall submit bills on a HCFA 1500 form and the hospital shall use the appropriate procedure codes adopted by these rules.
(a) A hospital or hospital-system owned office practice shall bill all office services as practitioner services on a HCFA 1500 form using site of service 3 or 11.
(b) A hospital or hospital-system owned industrial or occupational clinic shall bill all clinic services as practitioner services on a HCFA 1500 using site of service 3 or 11. Radiology and laboratory services may be billed as facility services on the UB-92.
(2) A procedure code listed in R 418.10918 describes professional services billed only by a practitioner. If billing procedures listed in R 418.10918, then the hospital shall only bill on a HCFA 1500 form.
(a) A procedure contained on table 10924 can safely be performed in settings other than an inpatient hospital. If billed by the hospital or practitioner, then the service shall be billed on a HCFA 1500 form with modifier -26 and the carrier shall reimburse the service at 40% of the maximum allowable payment, or 40% of the practitioner's usual and customary charge, whichever is less.

(3) A radiologist shall bill only the professional component of a radiologic procedure. The professional component shall be identified by placing modifier code -26 after the appropriate radiologic procedure code.
(4) A pathologist shall bill only the professional component of a pathology procedure. The professional component shall be identified by placing modifier code -26 after the appropriate procedure code.
(5) A certified registered nurse anesthetist shall bill only time units of an anesthesiology procedure, except in the absence of medical direction from a supervising anesthesiologist.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.10924 Facility billing for minor services performed in the outpatient hospital setting.

Rule 924. (1) This rule applies to minor procedures that can safely be performed in a setting other than an outpatient hospital. If procedures listed on the table in this rule are performed in the outpatient hospital setting, then modifier -TC shall be applied by the carrier and the hospital shall only be reimbursed for the technical component of the procedure code. Radiology procedures list the reimbursement for the technical component. For medical and surgical procedures, the technical component is 60% of the maximum allowable payment.
(2) This rule shall not apply to the following:
(a) During the first 10 days of commencing care for an injury.
(b) During an inpatient or observation stay, or services appropriately performed in the emergency room department.
(c) Procedures performed during the time of an outpatient surgery.
(d) If a procedure included in Table 10924 is combined with another procedure not on Table 10924; for example, a radiology procedure with a myelogram or outpatient surgery.
(3) Table 10924 reads as follows:

TABLE 10924

10060
10120
10140
10160
11000
11040
11100-11101
11720-11750
11900-11901
12001-12004
15860
16000
16020-16030
20500
20520
20550-20610
20665-20670
23065
23330
24065
24200
25065
26010

27040
27086
27323
27613
28001
28190
30000-30100
30300
30901
40800
40804
40820
41000-41005
41800-41805
42310
45300
45330
46050
50398
51000
51700-51710
53600-53661
53670-53675
65205-65222
67700
67715-67805
67810-67825
67938
69000
69020
70030-70360
70450-71030
71100-72220
73000-74020
74400-74420
78300-78699
90901-90911
92002-92014
92230-92504
92531-92599
92230-92499
93740
94010-95065
95115-95199

95180
95860-95904
95930-95937
98925-98943
99195
99201-99215
99241-99245
99281-99285
99801-99815

History: 2000 MR 6, Eff. May 11, 2000.

R 418.10925 Billing requirements for facility other than a hospital.

Rule 925. (1) A facility, other than a hospital, that is licensed by the state shall bill the facility services on the UB-92 national uniform billing claim form and shall include the revenue codes contained in the Michigan uniform billing manual, ICD-9-CM coding for diagnoses and procedures, and CPT codes for surgical, radiological, laboratory, and medicine and evaluation and management services.
(2) If billing radiological services or laboratory services, a facility, other than a hospital, that is licensed by the state shall bill only the technical component on the UB-92 national uniform billing claim form.
(3) If a facility, other than a hospital, that is licensed by the state bills for certified registered nurse anesthetist services, the professional component of a radiological service, the professional component of a laboratory service, physician's assistant service, or nurse practitioner service, then the service shall be billed on a HCFA 1500 claim form, using the appropriate CPT procedure code and modifier -26.
(4) If billing for services, a facility, other than a hospital, that is licensed by the state shall include a report that describes the services provided and the condition of the patient.
History: 2000 MR 6, Eff. May 11, 2000.

PART 10. REIMBURSEMENT
SUBPART A. PRACTITIONER REIMBURSEMENT

R 418.101001 General rules for practitioner reimbursement.

Rule 1001. (1) A provider that is authorized to practice in the state of Michigan shall receive the maximum allowable payment in accordance with these rules. A provider shall follow the process specified in these rules for resolving differences with a carrier regarding payment for appropriate health care services rendered to an injured worker.
(2) A carrier shall not make a payment for a service unless all required review activities pertaining to that service are completed.
(3) A carrier's payment shall reflect any adjustments in the bill made through the carrier's utilization review program.
(4) A carrier shall pay, adjust, or reject a properly submitted bill within 30 days of receipt. The carrier shall notify the provider on a form entitled "Carrier's Explanation of Benefits" in a format specified by the bureau. A copy shall be sent to the injured worker.
(5) A carrier shall not make a payment for any service which is determined inappropriate by the carrier's professional health care review program.
(6) The carrier shall reimburse the provider a 3% late fee if more than 30 calendar days elapse between a carrier's receipt of a properly submitted bill and a carrier's mailing of the payment.
(7) If a procedure code has a maximum fee of "by report," the provider shall be paid usual and customary charge or the reasonable amount, whichever is less. The carrier shall provide an explanation of its determination that the fee is unreasonable or excessive in accordance with these rules.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101002 Conversion factors for medical, surgical, and radiology procedure codes.

Rule 1002. (1) The bureau shall determine a conversion factor for medical, surgical, and radiology procedures. The conversion factor shall be used by the bureau for determining the maximum allowable payment for medical, surgical, and radiology procedures. The maximum allowable payment shall be determined by multiplying the appropriate conversion factor times the relative value unit assigned to a procedure. The relative value units are listed for each medicine, surgical, and radiology procedure codes in a manual separate from these rules. The manual shall be published annually by the bureau using codes adopted from "Current Procedural Terminology" as referenced in R 418.10107(a). The Bureau shall determine the relative values by using information found in the "RBRVS: Fee Schedule" as adopted by reference in R 418.10107(c).

(2) The conversion factors are as follows:

(a) For medicine procedures (90281-99199), the conversion factor is $42.92.

(b) For surgical procedures (10040-69979), the conversion factor is $54.05.

(c) For radiology procedures(70010-79999), the conversion factor is $50.51.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.101003 Reimbursement for "by report" and ancillary procedures.

Rule 1003. (1) If a procedure code does not have a listed relative value or is noted BR, then the carrier shall reimburse the provider's usual and customary charge or reasonable payment, whichever is less, unless otherwise specified in these rules.

(2) The following ancillary services are by report and the provider shall be reimbursed either at the practitioner's usual and customary charge or reasonable payment, whichever is less:

(a) Ambulance services.

(b) Dental services.

(c) Vision and prosthetic optical services.

(d) Hearing aid services.

(3) Prescription medication shall be reimbursed at the average wholesale price (AWP) + a $4.00 dispense fee for each drug, as determined by the Red Book, referenced in R 418.10107(e).

(4) Over-the-counter drugs (OTC's), dispensed by a provider other than a pharmacy, shall be dispensed in 10-day quantities and shall be reimbursed at the average wholesale price, as determined by the Red Book, or $2.50, whichever is greater.

(5) Durable medical equipment, supplies, including pre-fabricated splints, shall be reimbursed by the carrier at the average wholesale price, plus not more than 50%, or the provider's usual and customary charge, whichever is less.

(6) Orthotic and prosthetic procedures, L0100-L8499, and assigned maximum allowable payments shall be listed in Table 1501-C.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.101004 Modifier code reimbursement.

Rule 1004. (1) If accompanied by a modifier code, then a procedure code shall be considered to have a maximum allowable payment of BR, except as provided for by subrules (2) to (13) of this rule.

(2) If modifier code -25 is added to an evaluation and management procedure code, then reimbursement shall only be made if the documentation provided supports significant change of signs and symptoms or the evaluation of another work related problem is not included in the procedure or service that required the encounter.

(3) If modifier code -26, professional component, is used with a radiology procedure, then the payment shall be determined by multiplying the relative value for the professional component times the radiology conversion factor.

(4) If a surgeon used modifier code -47 when performing a surgical procedure, then the maximum allowable payment for the anesthesia shall be calculated by multiplying the base unit of the appropriate anesthesia code by $42.00.

(5) If modifier code -50 or -51 is used with procedure codes 10000-69999, then a doctor of dental surgery,

doctor of medicine, doctor of osteopathy, or doctor of podiatry shall be paid the following:
(a) The primary procedure at not more than 100% of the maximum allowable payment or the billed charge, whichever is less.
(b) The secondary procedure and the remaining procedure or procedures at not more than 50% of the maximum allowable payment or the billed charge, whichever is less.
(c) If multiple injuries occur in different areas of the body, then the first surgical procedure in each part of the body shall be reimbursed 100% of the maximum allowable payment or billed charge, whichever is less, and the second and remaining surgical procedure or procedures shall be identified by modifier code -51 and shall be reimbursed at 50% of the maximum allowable payment or billed charges, whichever is less.
(d) If modifier -50 or -51 is used with a surgical procedure with a maximum allowable payment of BR, then the maximum allowable payment shall be 50% of the provider's usual and customary charge or 50% of the reasonable amount, whichever is less.
(6) If modifier code -TC, technical services, is used to identify the technical component of a radiology procedure, then payment shall be made for the technical component only. The maximum allowable payment for the technical portion of the radiology procedure is designated in the manual by -TC.
(7) If modifier -57, initial decision to perform surgery, is added to an evaluation and management procedure code, then modifier -57 shall indicate that a consultant has taken over the case and the consultation code is not part of the global surgical service. Modifier -57 added to an established visit evaluation and management code and billed in conjunction with a starred (*) surgical procedure shall not be reimbursed.
(8) If both surgeons use modifier -62 and the procedure has a maximum allowable payment, then the maximum allowable payment for the procedure shall be multiplied by 25%. Each surgeon shall be paid 50% of the maximum allowable payment times 25%, or 62.5 % of the MAP. If the maximum allowable payment for the procedure is BR, then the reasonable amount shall be multiplied by 25% and be divided equally between the surgeons.
(9) If modifier code -80 is used with a procedure, then the maximum allowable payment for the procedure shall be 20% of the maximum allowable payment listed in these rules, or the billed charge, whichever is less. If a maximum payment has not been established and the procedure is BR, then payment shall be 20% of the reasonable payment amount paid for the primary procedure.
(10) If modifier code -81 is used with a procedure code that has a maximum allowable payment, then the maximum allowable payment for the procedure shall be 13% of the maximum allowable payment listed in these rules or the billed charge, whichever is less. If modifier code -81 is used with a BR procedure, then the maximum allowable payment for the procedure shall be 13% of the reasonable amount paid for the primary procedure.
(11) If modifier -82 is used and the assistant surgeon is a licensed doctor of medicine, doctor of osteopathic medicine and surgery, doctor of podiatric medicine, or a doctor of dental surgery, then the maximum level of reimbursement shall be the same as for modifier -80. If the assistant surgeon is a physician's assistant, the maximum level of reimbursement shall be the same as modifier -81. If a person other than a physician or a certified physician's assistant bills using modifier -82, then the charge and payment for the service is reflected in the facility fee.
(12) If modifier -AU or -AK is billed with evaluation and management or minor surgical services, then the carrier shall reimburse the procedure at 85% of the maximum allowable payment, or the usual and customary charge, whichever is less.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101006 Reimbursement for mental health services.

Rule 1006. (1) A carrier shall only reimburse procedure codes 90805, 90807, 90809, 90811, 90813, 90815, 90817, 90819, 90822, 90824, 90827, 90829, 90862, 90865, 90870, and 90871 when billed by a psychiatrist (an M.D. or D.O).
(2) A licensed psychologist or a limited license psychologist billing for a diagnostic procedure shall be paid the maximum allowable payment or the practitioner's usual and customary fee, whichever is less.
(3) A licensed psychologist billing for a therapeutic service shall use modifier -AH and shall be paid the maximum allowable payment or the practitioner's usual and customary charge, whichever is less.
(4) For the following providers, therapeutic mental health services shall be reimbursed at 85% of the

maximum allowable payment, or the practitioner's usual and customary charge, whichever is less. If a procedure code has a maximum allowable payment of "by report," the maximum allowable payment shall be 85% of the reasonable payment, or the practitioner's usual and customary charge, whichever is less:
(a) -AL limited license psychologist.
(b) -AJ certified social worker.
(c) -LC licensed professional counselor.
(d) -MF licensed marriage and family therapist.
(5) For the following providers, mental health services shall be reimbursed at 64% of the maximum allowable payment, or the practitioner's usual and customary charge, whichever is less. If a procedure code has a maximum allowable payment of "by report," then the maximum allowable payment shall be 64% of the reasonable payment, or the practitioner's usual and customary charge, whichever is less:
(a) -CS limited licensed counselor.
(b) -ML limited licensed marriage and family therapist.
(6) Reimbursement for mental health services is listed in Table 1501-D.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101007 Reimbursement for anesthesia services.

Rule 1007. (1) The carrier shall determine the maximum allowable payment for anesthesia services by adding the base units to the time units. The carrier shall reimburse anesthesia services at either the maximum allowable payment, or the practitioner's usual and customary charge, whichever is less. Each anesthesia base unit shall be multiplied by $42.00 to determine payment for the base procedure.
(a) Anesthesia base units shall only be paid to an anesthesiologist, a surgeon who provides the anesthesia and performs the surgery, or a certified registered nurse anesthetist providing anesthesia without medical direction of the anesthesiologist. Only 1 practitioner shall be reimbursed for base units, documented by the anesthesia record.
(2) The carrier shall reimburse the time units by the total minutes listed in the "days" or "units" column and the alpha modifier added to the procedure code. Time units are reimbursed in:
(a) Increments of 15 minutes or portions thereof, for administration of the anesthesia.
(b) Increments of 30 minutes or portions thereof, for supervision of a CRNA.
(c) In no instance shall less than 1 time unit be reimbursed.
(3) The maximum allowable payment for anesthesia time shall be calculated in the following manner:
(a) If the anesthesiologist administers the anesthesia, then the modifier shall be -AA and the maximum payment shall be $2.80 per minute.
(b) If the anesthesiologist supervises a CRNA, then the modifier shall be -SA and the maximum payment shall be $1.40 per minute.
(c) If a CRNA supervised by an anesthesiologist administers the anesthesia, then the modifier shall be -QX and the maximum payment shall be $2.80 per minute.
(d) If a CRNA administers without supervision of the anesthesiologist, then the modifier shall be -QZ and the maximum payment shall be $2.80 per minute.
History: 2000 MR 6, Eff. May 11, 2000.

PART 10. REIMBURSEMENT
SUBPART B. FACILITY REIMBURSEMENT

R 418.101015 Responsibility of carrier or designated agent regarding facility billing form.

Rule 1015. The carrier or its designated agent shall assure that the UB-92 national uniform billing claim form, (D1450), is completed correctly before payment.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101016 Reimbursement for hospital facility services.

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(2) If a hospital outside the state of Michigan submits a bill for an inpatient hospital admission, emergency department services which can only be performed in a hospital setting, outpatient services which can only be performed in a hospital setting, or observation care, and a carrier pays a properly submitted bill or unadjusted portion of the bill within 30 days of receipt of a properly submitted bill, then the maximum fee shall be calculated by multiplying the out-of-state maximum payment ratio, as published by the bureau, times the total charges for the appropriate admission or service, and multiplying the product times 107%.
(3) A facility shall not be paid more than the amount of the charges.
(4) If a carrier does not pay a properly submitted facility bill, or unadjusted portion of the bill within 30 days of receipt of a properly submitted facility bill, then a carrier shall calculate a hospital's payment by multiplying the hospital's payment ratio, times the total charges for the appropriate admission or service, and multiplying the product times 110%.
(5) If a hospital outside the state of Michigan submits a bill for an inpatient hospital admission, emergency department services that can only be performed in a hospital setting, outpatient services that can only be performed in a hospital setting, or observation care, and a carrier pays a properly submitted bill or unadjusted portion thereof after 30 days of receipt of a properly submitted bill, then the maximum fee shall be calculated by multiplying the maximum payment ratio of hospitals located outside the state of Michigan, as published by the bureau, times the total charges for the appropriate admission or service, and multiplying the product times 110%.
(6) If a carrier pays a properly submitted bill after 30 days, then a carrier shall not pay more than 3% above the charges.
(7) Observation care shall not be for more than 24 hours. If the patient does not meet admission criteria according to the length of stay guidelines, then the patient shall be discharged from observation care.
(8) The following hospital services are paid by the ratio payment methodology:
(a) Inpatient or observation care.
(b) Emergency department services.
(c) Occupational, physical, and speech therapy services.
(d) Outpatient surgeries.
(e) Laboratory services and outpatient services not listed on Table 10924.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101017 Reimbursement for outpatient minor medical-surgical procedures performed in the outpatient hospital setting when billed on the UB-92.

Rule 1017. (1) Reimbursement for services listed on Table 10924 shall be made as follows:
(a) If the service occurs in the first 10 days of care beginning for a work injury, then the hospital shall be reimbursed by the ratio methodology.
(b) If the service occurs after the first 10 days, then the carrier shall reimburse the facility 60% of the maximum allowable payment for medical and surgical procedures and the technical component for radiology procedures.
(2) This rule shall not apply to services performed in a hospital-owned or hospital-system owned

occupational or industrial clinic, as those services shall be considered practitioner services and shall be billed and paid as a practitioner service.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101018 Technical services performed in the hospital.

Rule 1018. (1) If the following services are performed in the outpatient hospital setting, then the hospital shall be reimbursed by the payment ratio methodology and shall not have a professional component billed:
(a) Casting and strapping procedures performed by hospital technicians.
(b) Laboratory services.
(c) Physical, occupational, and speech therapy services.
(d) Procedures describing EKG tracings only.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101019 Procedure codes not payable to hospitals.

Rule 1019. The following procedures are practitioner services and shall not be paid to a facility when billed on the UB-92:

53670	93000	93720
93015	93040	

R 418.101022 Reimbursement for a facility other than a hospital.

Rule 1022. (1) A facility other than a hospital shall be licensed by the state, and may include the following:
(a) A free-standing surgical outpatient facility.
(b) Nursing home.
(c) County medical care facility.
(d) Hospice.
(e) Hospital long-term care unit.
(f) Intermediate care facility or skilled nursing facility.
(2) A licensed facility does not include the office of an individual practitioner, group of providers, or health care organization. A licensed facility other than a hospital shall be reimbursed by its usual and customary charge or reasonable amount for the service provided, whichever is less. If a facility other than a hospital is not paid within 30 days of receipt of a properly submitted bill, the facility shall receive an additional 3%.
History: 2000 MR 6, Eff. May 11, 2000.

PART 11. HOSPITAL PAYMENT RATIO

R 418.101101 Calculation and revision of payment ratio for Michigan hospitals.

Rule 1101. The bureau shall annually calculate and revise, under the provisions of Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws, the payment ratios for all Michigan hospitals. The calculation shall be made using a hospital's most recent fiscal year information that is submitted to the Michigan department of community health, medical services administration, preceding each annual calculation. The information used shall be that reported to the Michigan department of community health, medical services administration, on the hospital's statement of patient revenues and operating expenses, G2 worksheet. The bureau shall complete the payment ratio calculation between September 1 and October 1.
(2) The bureau shall calculate a hospital's cost-to-charge ratio by dividing each hospital's total operating expenses by total patient revenues as reported on the hospital's statement of patient revenues and operating expenses, G2 worksheet.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101102 Calculation and revision of payment ratio for hospitals outside Michigan.

Rule 1102. The bureau shall annually calculate and revise, under the provisions of Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws, at the same time as calculating Michigan hospitals' payment ratios, a weighted state average payment ratio to be used for hospitals that are located outside the state of Michigan. The payment ratio shall be calculated by dividing the total hospital operating expenses for Michigan by the total hospital patient revenues for Michigan as reported under R 418.1101(1).
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101103 Adjustments to hospital's payment ratio.

Rule 1103. (1) A hospital may apply to the bureau for an adjustment of the hospital's maximum payment ratio.
(2) The hospital shall apply for an adjustment on a form and in a manner prescribed by the bureau.
(3) If the bureau determines that a hospital's ratio of total operating expenses to total patient revenues, as reported on the hospital's statement of patient revenues and operating expenses, G2 worksheet, for a hospital's most recent fiscal year is higher than the payment ratio calculated according to R 418.1101, so that the amount of underpayment is more than $100,000.00 or is equal to or greater than 2/10 of 1% of the hospital's operating expenses for the year, then the bureau shall revise the payment ratio and shall notify the hospital and all carriers of the revised payment ratio within 45 days after the receipt of a properly submitted request for an adjustment.
(4) If a hospital's request for an adjustment to the hospital's payment ratio is denied by the bureau, then a hospital may request reconsideration and appeal of the bureau's action regarding the hospital's request for adjustment of its payment ratio.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101104 Request for adjustment to hospital's maximum payment ratio; R 418.101104 Request for adjustment to hospital'smaximum payment ratio; R 418.101104 Request for adjustment to hospital'smaximum payment ratio; R 418.101104 Request for adjustment to hospital'smaximum payment ratio; R 418.101104 Request for adjustment to hospital'smaximum payment ratio; Bureau's response.

Rule 1104. (1) Within 60 days of the bureau's receipt of a hospital's request for adjustment to the hospital's maximum payment ratio, the bureau shall notify the hospital of the action on the adjustment request and shall notify the hospital of the hospital's right to provide additional information to request reconsideration of the bureau's action.
(2) The bureau shall also furnish the hospital with an appeal form. The appeal form shall include an explanation of the appeal process.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101105 Bureau's action on request for adjustment of maximum payment ratio; hospital's appeal.

Rule 1105. (1) If a hospital is in disagreement with the action taken by the bureau on its request for adjustment of the hospital's maximum payment ratio, then a hospital may, within 30 days of receipt of the bureau's action on the hospital's request for adjustment to its maximum payment ratio, deliver or mail an appeal of the bureau's action to the bureau. The appeal shall include a detailed statement of the reasons for disagreement and shall request reconsideration of the bureau's action on the hospital's request for adjustment.
(2) The bureau shall hold a hearing within 30 days of the receipt of a hospital's appeal under section 847 of the act.
History: 2000 MR 6, Eff. May 11, 2000.

PART 12. CARRIER'S REVIEW OF HEALTH CARE REVIEW

R 418.101201 Carrier's health care review program.

Rule 1201. (1) The carrier shall have both a technical health care review program and a professional

health care review program.
(2) Health care review shall be conducted in a reasonable manner on bills submitted by a provider for health care services furnished because of a covered injury or illness arising out of and in the course of employment.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101203 Carrier's technical health care review program.

Rule 1203. Under the technical health care review program, the carrier shall do all of the following:
(a) Determine the accuracy of the procedure coding. If the carrier determines, based upon review of the bill and any related material which describes the procedure performed, that the procedure is incorrectly or incompletely coded, then the carrier may re-code the procedure, but shall notify the provider of the reasons for the recoding within 30 days of receipt of the bill under part 13 of these rules.
(b) Determine that the amount billed for a procedure does not exceed the maximum allowable payment established by these rules. If the amount billed for a procedure exceeds the maximum allowable payment, then the carrier shall reimburse the maximum allowable payment for that procedure.
(c) Identify those bills and case records which, under R 418.101205, shall be subject to professional health care review.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101204 Carrier's professional health care review program.

Rule 1204. (1) A carrier may have another entity perform professional health care review activities on its behalf.
(2) The professional health care review program, whether operated by the carrier or an entity on behalf of the carrier, shall be certified by the bureau pursuant to R 418.101206.
(3) If the carrier's professional health care review program is operated by an entity other than the carrier, then the carrier shall provide the bureau with the name and address of the entity responsible for conducting the carrier's professional health care review program.
(4) For purposes of these rules, a carrier that has another entity perform professional health care review activities on its behalf maintains full responsibility for compliance with these rules.
(5) Under the carrier's professional health care review program, the carrier shall determine the medical appropriateness of services provided in connection with the treatment of a covered injury or illness through 1 of the following approaches:
(a) Review by licensed, registered, or certified health care professionals.
(b) The application by others of criteria developed by licensed, registered, or certified health care professionals.
(c) A combination of approaches in subdivisions (a) and (b) of this subrule according to the type of covered injury or illness.
(6) The licensed, registered, or certified health care professionals shall be involved in determining the carrier's response to a request by a provider for reconsideration of its bill.
(7) The licensed, registered, or certified health care professionals shall have suitable occupational injury or disease expertise, or both, to render an informed clinical judgment on the medical appropriateness of the services provided.

R 418.101205 Scope of professional health care review.

Rule 1205. (1) The carrier, or it's review company, shall review case records and health-service bills, or both, under the professional health care review program as follows:
(a) A case where health care service payments, excluding inpatient hospital care, exceed $5,000.00.
(b) A case involving inpatient hospital care.
(2) The carrier or other entity may at any time review any case record or bill which the carrier or the other entity believes may involve inappropriate, insufficient, or excessive care.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101206 Certification of professional health care review program.

Rule 1206. (1) The bureau shall certify a carrier, or other entity performing professional health care

review on behalf of the carrier, that proposes to carry out a professional health care review program.
(2) A carrier, or other entity performing professional health care review on behalf of the carrier, shall apply to the bureau for certification in the manner prescribed by the bureau.
(3) A carrier, or other entity performing professional health care review on behalf of the carrier, shall receive certification if the carrier or other entity provides to the bureau a description of its professional health care review program. The description of the professional health care review program shall include both of the following:
(a) If the carrier intends to determine medical appropriateness under R 418.101204(5)(a), (b), or (c).
(b) A description of the health care professionals to be used under R 418.101204.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101207 Types of certification.

Rule 1207. (1) Certification shall be either unconditional or conditional.
(2) The bureau shall issue unconditional certification for a period of 3 years.
(3) The bureau may issue conditional certification if the bureau determines that the carrier or other entity does not fully satisfy the criteria in R 418.101206(3). If the carrier or other entity agrees to undertake corrective action, then the bureau shall grant conditional certification for a maximum period of 1 year.
(4) The bureau may at any time modify an unconditional certification to a conditional certification if the bureau determines that the carrier or other entity fails to satisfy the criteria set forth in R 418.101206(3).
(5) The carrier shall have the right to appeal the certification decisions under the procedures in these rules.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101208 Renewal of certification.

Rule 1208. (1) A carrier or other entity shall apply to the bureau for renewal of certification in the manner prescribed by the bureau.
(2) The application for the renewal of certification shall be received by the bureau not later than 6 months before expiration of certification.
(3) A carrier or other entity shall receive renewal of certification upon receipt of an updated description of its program as specified in R 418.101206.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101209 Carrier's request for reconsideration of professional review certification.

Rule 1209. (1) Within 30 days of the bureau's denial of a carrier's request for professional review program certification, the bureau shall notify the carrier of the reasons for denial of the certification and shall notify the carrier of its right to provide additional information and to request reconsideration of the bureau's action.
(2) A carrier shall notify the bureau, within 30 days of receipt of the professional review program certification denial, of its disagreement with the action of the bureau. The carrier's notice to the bureau of disagreement with the bureau's denial shall include a detailed statement of the reasons for the disagreement and shall request reconsideration.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101210 Carrier's request for reconsideration of professional review program certification; response.

Rule 1210. (1) Within 30 days of receipt of a carrier's request for reconsideration of professional review program certification, the bureau shall notify the carrier of the actions taken and shall furnish a detailed statement of the reasons for the action taken.
(2) The bureau shall furnish the carrier with an appeal form. The appeal form shall include an explanation of the appeal process.
(3) If a carrier is in disagreement with the action taken by the bureau on its request for reconsideration, then a carrier shall deliver or mail its appeal to the bureau.
(4) The bureau shall hold a hearing within 30 days of the receipt of a carrier's appeal of the bureau's decision regarding certification of the carrier's professional review program under section 847 of the act.

History: 2000 MR 6, Eff. May 11, 2000.

PART 13. PROCESS FOR RESOLVING DIFFERENCES BETWEEN CARRIER AND PROVIDER REGARDING BILL

R 418.101301 Carrier's adjustment or rejection of properly submitted bill.

Rule 1301. (1) If a carrier adjusts or rejects a bill or a portion of the bill, then the carrier shall notify the provider within 30 days of the receipt of the bill of the reasons for adjusting or rejecting the bill or a portion of the bill and shall notify the provider of its right to provide additional information and to request reconsideration of the carrier's action. The carrier shall set forth the specific reasons for adjusting or rejecting a bill or a portion of the bill and request specific information on a form, "Carrier's Explanation of Benefits," prepared by the bureau pursuant to the reimbursement section of these rules.

(2) If the provider sends a properly submitted bill to a carrier and the carrier does not respond within 30 days, and if a provider sends a second properly submitted bill and does not receive a response within 60 days from the date the provider supplied the first properly submitted bill, then the provider may file an application with the bureau for mediation or hearing. The provider shall send a completed form entitled "Application for Mediation and Hearing" to the bureau and shall send a copy of this form to the carrier.

(3) The carrier shall notify the employee and the provider that the rules prohibit a provider from billing an employee for any amount for health care services provided for the treatment of a covered work-related injury or illness if that amount is disputed by the carrier under its utilization review program or if the amount is more than the maximum allowable payment established by these rules. The carrier shall request the employee to notify the carrier if the provider bills the employee.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.101302 Provider's request for reconsideration of properly submitted bill.

Rule 1302. A provider may request reconsideration of its adjusted or rejected properly submitted bill by a carrier within 60 days of receipt of a notice of an adjusted or rejected bill or a portion of the bill. The provider's request to the carrier for reconsideration of the adjusted or rejected bill shall include a detailed statement of the reasons for disagreement with the carrier's adjustment or rejection of a bill or a portion of the bill.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.101303 Provider's request for reconsideration of bill; carrier's response to provider's right to appeal.

Rule 1303. (1) Within 30 days of receipt of a provider's request for reconsideration, the carrier shall notify the provider of the actions taken and provide a detailed statement of the reasons. The carrier's notification shall include an explanation of the appeal process provided under these rules, including the fact that any requested administrative appeal hearing shall be conducted by a magistrate of the department of consumer and industry services.

(2) If a provider disagrees with the action taken by the carrier on the provider's request for reconsideration, then a provider may file an application for mediation or hearing with the department of consumer and industry services. A provider shall send its application for mediation or hearing to the bureau within 30 days from the date of receipt of a carrier's denial of the provider's request for reconsideration. The provider shall send a copy of the application to the carrier.

(3) If, within 60 days of the provider's request for reconsideration, the provider does not receive payment for the adjusted or rejected bill or a portion of the bill, or a written detailed statement of the reasons for the actions taken by the carrier, then the provider may apply for mediation or hearing. The provider shall send the application for mediation or hearing to the bureau and shall send a copy to the carrier.

History: 2000 MR 6, Eff. May 11, 2000.

R 418.101304 Disputes.

Rule 1304. (1) If a carrier adjusts or rejects a bill or a portion of a bill under these rules, then a notice given under R 418.101301(1) creates an ongoing dispute for the purpose of section 801 of the act. The time

for making payment of a bill under section 801 of the act shall not run unless the bill is properly submitted according to applicable rules and statutes.
(2) Any dispute that concerns any of the following shall be resolved as if an application for mediation or hearing was filed under section 847 of the act:
(a) The medical appropriateness of health care or a health care service.
(b) Utilization of health care or a health care service.
(c) The need for health care or a health care service.
(d) Any dispute over the cost of health care or a health care service.
(3) If the dispute results in the denial of medical treatment for a worker, or if there is a petition by an employer to stop the employer's liability for medical benefits previously ordered, including proceedings under subrule (6) of this rule, then the dispute shall receive the same expedited treatment accorded to 60-day cases under section 205 of the act, except that the bureau may refer the matter to mediation under section 223 of the act.
(4) A dispute under this rule may be submitted to arbitration under section 864 of the act.
(5) A dispute under this rule may be handled as a small claim under section 841(2) to (10) of the act if it meets the requirements of that section.
(6) If a carrier is required by the terms of an award to provide medical benefits, then the carrier shall continue to provide those benefits until there is a different order by any of the following entities:
(a) A magistrate.
(b) The appellate commission.
(c) The court of appeals.
(d) The supreme court.
This subrule shall not preclude the use of the maximum allowable payments provided by these rules for the payment of bills by carriers. If a carrier files an application to stop or limit its liability under this subrule, the carrier shall receive the expedited treatment provided for under subrule (3) of this rule.
(7) If the bureau believes that a provider is not in compliance with these rules, then the bureau may file an application for mediation or hearing under this rule.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101305 Resolution of disputes.

Rule 1305. (1) If a carrier adjusts a fee or rejects a bill under these rules, then a notice given pursuant to R 418.101301 creates a continuing dispute for the purpose of section 801 of the act. The time for making payment of a bill under section 801 of the act shall not run unless the bill is properly submitted according to applicable rules and statutes.
(2) A magistrate, as provided under sections 315 and 847 of the act and R 408.34 and R 408.35, shall resolve any dispute that concerns any of the following:
(a) The medical appropriateness of health care or a health care service.
(b) Utilization of health care or a health care service.
(c) The need for health care or a health care service.
(d) Any dispute over the cost of health care or a health care service.
(3) The bureau may participate in any hearings that concern disputes when there is an issue that affects the provisions of these rules regarding maximum fees, medical appropriateness, or utilization of health care or health care services.
History: 2000 MR 6, Eff. May 11, 2000.

PART 14. BUREAU'S DATA ACQUISITION

R 418.101401 Annual medical payment report.

Rule 1401. (1) Payments for medical services received by injured workers shall be reported to the bureau on a form prescribed by the bureau entitled "Annual Medical Payment Report." The bureau shall provide instruction to the carriers and service companies regarding completion of the form. The annual medical payment report shall cover the periods January 1 through December 31 and shall include all of the following information:

(a) The carrier's total number of worker's compensation cases and the total medical payments for health care services for those cases in the reporting period.
(b) Medical only cases, defined as those cases where no indemnity was paid, and the total medical payments made by the carrier for those cases.
(c) Wage loss cases, defined as those cases in which wage loss or indemnity was paid, and the total medical payments made by the carrier for those cases. For the purposes of this annual medical payment report, once wage loss benefits are paid, then the case shall always be reported as wage loss.
(2) The annual medical payment report shall be due in the bureau by February 28 of each year. The report shall not include travel expenses, payments for independent medical examinations, vocational rehabilitation, or rehabilitation case management expenses.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101402 Access to workers' compensation case records.

Rule 1402. (1) The bureau shall have access to necessary workers' compensation health care records, medical bills, and other information concerning health care or health service from workers' compensation carriers or providers.
(2) The bureau may review the records and medical bills of any provider determined by a carrier to not be in compliance with the rules or to be requiring unjustified treatment, hospitalization, or office visits. If a carrier requests the bureau to perform an on-site review of specific records and medical bills of a provider, then the bureau shall arrange a mutually acceptable visit date with the provider, by telephone or in writing, at least 15 working days before the visit. The bureau shall confirm the date of the visit in writing not less than 10 working days in advance. The bureau shall, by that time, identify for the provider the records which the bureau wishes to review. The records shall remain at the provider's place of business.
(3) The bureau shall ensure confidentiality of the individual case records regarding health care services provided to any individual.
History: 2000 MR 6, Eff. May 11, 2000.

R 418.101404 Access to carrier data for payment of medical claims.

Rule 1404. (1) The bureau shall have access to payment data from the carrier in the form of the carrier's explanation of benefits and medical bills for the purposes of data analysis.
(2) A carrier shall be notified by the bureau when information is to be submitted not less than 60 days before the date required.
(3) The bureau shall ensure confidentiality of the billing records provided by the selected carriers.
History: 2000 MR 6, Eff. May 11, 2000.

PART 15. PROCEDURE CODE AND REIMBURSEMENT TABLES

R 418.101501 Tables for health care services and proceduresR 418.101501 Tables for health care services and proceduresR 418.101501 Tables for health care services and proceduresR 418.101501 Tables for health care services and proceduresR 418.101501 Tables for health care services and proceduresR 418.101501 Tables for health care services and procedures.

Rule 1501. (1) Procedures that do not have relative values assigned are referenced in this rule. The following tables have assigned fees developed by the bureau through rule promulgation and shall be published as part of these rules.
(a) Miscellaneous medical and surgical procedures without assigned relative values or specific payment methodologies are listed in table 1501-A.
(b) Laboratory and pathology procedure codes and maximum allowable payments are listed in table 1501-B.
(c) The orthotic and prosthetic codes and maximum allowable payments listed shall be listed in table 1501-C.
(d) The maximum allowable fees for mental health services are listed in table 1501-D
(e) Table 1501-E lists additional codes for physical and occupational therapy evaluations and fees and notes those physical therapy codes that have been deleted.
(2) The bureau shall publish separate from these rules a manual containing the following:
(a) Procedure codes and relative value units for the medical, surgical, and radiology services.

(b) Ancillary services identified by codes from Medicare's level II codes.
(c) Maximum payment ratios for hospitals.
(d) A copy of the billing forms and instructions for completion.

Table 1501 – A

Code	Miscellaneous Procedures	
01999 PA	Patient Controlled Analgesia (See Rule 915)	$137.00
90471	Administration of a single or combination vaccine	$5.00
90472	Administration of two or more vaccines or toxoids	$7.50
99000	Handling or conveyance of specimen	$5.00
99025	Initial new patient examination performed with a starred surgical procedure	$40.00
99050	After hour office service Monday-Friday (Rule 202)	$5.00
99052	Services between 10:00PM and 8:00AM	$5.00
99054	Weekend, holiday after hour office service (Rule 202)	$12.00
99199	Carrier arranged missed appointment. (See Rule 111)	BR
WC700	Prescription Drug dispense fee (Rule 912 subrule 4)	$4.00

Table 1501-B Laboratory and Pathology Service
Code, Modifier, RVU, and Maximum Payment Allowance

80049	$0.00	BR	80194	$0.00	BR	82240	$0.00	BR
80050	$0.00	BR	80196	$0.00	BR	82247	$0.00	BR
80051	$0.00	BR	80197	$0.00	BR	82248	$0.00	BR
80054	$0.00	BR	80198	$0.00	BR	82251	$0.00	BR
80055	$0.00	BR	80200	$0.00	BR	82252	$0.00	BR
80058	$0.00	BR	80201	$0.00	BR	82261	$0.00	BR
80059	$0.00	BR	80202	$0.00	BR	82270	$0.00	BR
80061	$0.00	BR	80299	$0.00	BR	82273	$0.00	BR
80072	$0.00	BR	80400	$0.00	BR	82286	$0.00	BR
80090	$0.00	BR	80402	$0.00	BR	82300	$0.00	BR
80091	$0.00	BR	80406	$0.00	BR	82306	$0.00	BR
80092	$0.00	BR	80408	$0.00	BR	82307	$0.00	BR
80100	$0.00	BR	80410	$0.00	BR	82308	$0.00	BR
80101	$0.00	BR	80412	$0.00	BR	82310	$0.00	BR
80102	$0.00	BR	82106	$0.00	BR	82330	$0.00	$23.00
80103	$0.00	BR	82108	$0.00	BR	82331	$0.00	BR
80150	$0.00	BR	82127	$0.00	BR	82340	$0.00	$11.00
80152	$0.00	BR	82128	$0.00	BR	82355	$0.00	BR
80154	$0.00	BR	82131	$0.00	BR	82360	$0.00	BR
80156	$0.00	BR	82135	$0.00	BR	82365	$0.00	BR
80158	$0.00	BR	82136	$0.00	BR	82370	$0.00	BR
80160	$0.00	BR	82139	$0.00	BR	82374	$0.00	BR
80162	$0.00	BR	82140	$0.00	$9.90	82375	$0.00	$19.80
80164	$0.00	BR	82143	$0.00	BR	82376	$0.00	BR
80166	$0.00	BR	82145	$0.00	$9.90	82378	$0.00	BR
80168	$0.00	BR	82150	$0.00	$8.80	82379	$0.00	BR
80170	$0.00	BR	82154	$0.00	BR	82380	$0.00	BR
80172	$0.00	BR	82157	$0.00	BR	82382	$0.00	BR
80174	$0.00	BR	82160	$0.00	BR	82383	$0.00	BR

80176	$0.00	BR	82163	$0.00	BR	82384	$0.00	BR
80178	$0.00	BR	82164	$0.00	BR	82387	$0.00	BR
80182	$0.00	BR	82172	$0.00	BR	82390	$0.00	BR
80184	$0.00	BR	82175	$0.00	$13.20	82397	$0.00	BR
80185	$0.00	BR	82180	$0.00	$16.50	82415	$0.00	BR
80186	$0.00	BR	82190	$0.00	BR	82435	$0.00	BR
80188	$0.00	BR	82205	$0.00	$26.00	82436	$0.00	$7.70
80190	$0.00	BR	82232	$0.00	BR	82438	$0.00	BR
80192	$0.00	BR	82239	$0.00	BR	82441	$0.00	BR

CPT Codes copyright 1996
Refer to CPT for description
Fees developed by BWC-HCSD

Table 1501-C–Orthotics and Prosthetics

Code	Payment		Code	Payment		Code	Payment	
80049	$0.00	BR	80402	$0.00	BR	82248	$0.00	BR
80050	$0.00	BR	80406	$0.00	BR	82251	$0.00	BR
80051	$0.00	BR	80408	$0.00	BR	82252	$0.00	BR
80054	$0.00	BR	80410	$0.00	BR	82261	$0.00	BR
80055	$0.00	BR	80412	$0.00	BR	82270	$0.00	BR
80058	$0.00	BR	82106	$0.00	BR	82273	$0.00	BR
80059	$0.00	BR	82108	$0.00	BR	82286	$0.00	BR
80061	$0.00	BR	82127	$0.00	BR	82300	$0.00	BR
80072	$0.00	BR	82128	$0.00	BR	82306	$0.00	BR
80090	$0.00	BR	82131	$0.00	BR	82307	$0.00	BR
80091	$0.00	BR	82135	$0.00	BR	82308	$0.00	BR
80092	$0.00	BR	82136	$0.00	BR	82310	$0.00	BR
80100	$0.00	BR	82139	$0.00	BR	82330	$0.00	$23.00
80101	$0.00	BR	82140	$0.00	$9.90	82331	$0.00	BR
80102	$0.00	BR	82143	$0.00	BR	82340	$0.00	$11.00
80103	$0.00	BR	82145	$0.00	$9.90	82355	$0.00	BR
80150	$0.00	BR	82150	$0.00	$8.80	82360	$0.00	BR
80152	$0.00	BR	82154	$0.00	BR	82365	$0.00	BR
80154	$0.00	BR	82157	$0.00	BR	82370	$0.00	BR
80156	$0.00	BR	82160	$0.00	BR	82374	$0.00	BR
80158	$0.00	BR	82163	$0.00	BR	82375	$0.00	$19.80
80160	$0.00	BR	82164	$0.00	BR	82376	$0.00	BR
80162	$0.00	BR	82172	$0.00	BR	82378	$0.00	BR
80164	$0.00	BR	82175	$0.00	$13.20	82379	$0.00	BR
80166	$0.00	BR	82180	$0.00	$16.50	82380	$0.00	BR
80168	$0.00	BR	82190	$0.00	BR	82382	$0.00	BR
80170	$0.00	BR	82205	$0.00	$26.00	82383	$0.00	BR
80172	$0.00	BR	82232	$0.00	BR	82384	$0.00	BR
80174	$0.00	BR	82239	$0.00	BR	82387	$0.00	BR
80176	$0.00	BR	82240	$0.00	BR	82390	$0.00	BR
80178	$0.00	BR	82247	$0.00	BR	82397	$0.00	BR

80182	$0.00	BR	82540	$0.00	$19.80	83008	$0.00	BR
80184	$0.00	BR	82541	$0.00	BR	83010	$0.00	BR
80185	$0.00	BR	82542	$0.00	BR	83012	$0.00	BR
80186	$0.00	BR	82543	$0.00	BR	83013	$0.00	BR
80188	$0.00	BR	82544	$0.00	BR	83014	$0.00	BR
80190	$0.00	BR	82550	$0.00	$8.00	83015	$0.00	$13.20
80192	$0.00	BR	82552	$0.00	$23.25	83018	$0.00	$5.00
80194	$0.00	BR	82553	$0.00	$20.90	83020	$0.00	$25.58
80196	$0.00	BR	82554	$0.00	BR	83020	$260.58	$25.00
80197	$0.00	BR	82565	$0.00	BR	83021	$0.00	BR
80198	$0.00	BR	82570	$0.00	BR	83026	$0.00	BR
80200	$0.00	BR	82575	$0.00	BR	83030	$0.00	BR
80201	$0.00	BR	82585	$0.00	BR	83033	$0.00	BR
80202	$0.00	BR	82595	$0.00	BR	83036	$0.00	BR
80299	$0.00	BR	82600	$0.00	$23.10	83045	$0.00	BR
80400	$0.00	BR	82607	$0.00	BR	83050	$0.00	$19.80
82415	$0.00	BR	82608	$0.00	BR	83051	$0.00	$13.20
82435	$0.00	BR	82615	$0.00	BR	83055	$0.00	$17.60
82436	$0.00	$7.70	82626	$0.00	BR	83060	$0.00	$19.80
82438	$0.00	BR	82627	$0.00	BR	83065	$0.00	BR
82441	$0.00	BR	82633	$0.00	BR	83068	$0.00	BR
82465	$0.00	BR	82634	$0.00	BR	83069	$0.00	$3.30
82480	$0.00	BR	82638	$0.00	BR	83070	$0.00	$4.00
82482	$0.00	$9.90	82646	$0.00	BR	83071	$0.00	$4.13
82485	$0.00	BR	82953	$0.00	BR	83080	$0.00	BR
82486	$0.00	$27.00	82955	$0.00	BR	83088	$0.00	BR
82487	$0.00	$9.63	82960	$0.00	BR	83150	$0.00	BR
82488	$0.00	$9.63	82962	$0.00	BR	83491	$0.00	BR
82489	$0.00	$9.63	82963	$0.00	BR	83497	$0.00	BR
82491	$0.00	BR	82965	$0.00	BR	83498	$0.00	BR
82492	$0.00	BR	82975	$0.00	BR	83499	$0.00	BR
82495	$0.00	$16.50	82977	$0.00	BR	83500	$0.00	BR
82507	$0.00	$13.20	82978	$0.00	BR	83505	$0.00	BR
82520	$0.00	BR	82979	$0.00	BR	83516	$0.00	BR
82523	$0.00	BR	82980	$0.00	BR	83518	$0.00	BR
82525	$0.00	BR	82985	$0.00	BR	83519	$0.00	BR
82528	$0.00	BR	83001	$0.00	BR	83520	$0.00	BR
82530	$0.00	BR	83002	$0.00	BR	83525	$0.00	BR
82533	$0.00	BR	83003	$0.00	BR	83527	$0.00	BR

83528	$0.00	BR	83883	$0.00	BR	84300	$0.00	$7.98
83540	$0.00	$8.00	83885	$0.00	$13.20	84305	$0.00	BR
83550	$0.00	$9.08	83887	$0.00	BR	84307	$0.00	BR
83570	$0.00	BR	83890	$0.00	BR	84311	$0.00	$6.88
83582	$0.00	BR	83891	$0.00	BR	84315	$0.00	$3.30
83586	$0.00	BR	83892	$0.00	BR	84375	$0.00	$9.63
83593	$0.00	BR	83893	$0.00	BR	84376	$0.00	BR
83605	$0.00	BR	83894	$0.00	BR	84377	$0.00	BR
83615	$0.00	BR	83896	$0.00	BR	84378	$0.00	BR
83625	$0.00	BR	83897	$0.00	BR	84379	$0.00	BR
83632	$0.00	BR	84150	$0.00	BR	84392	$0.00	BR
83633	$0.00	BR	84153	$0.00	BR	84402	$0.00	BR
83634	$0.00	BR	84154	$0.00	BR	84403	$0.00	BR
83655	$0.00	$16.50	84155	$0.00	$3.00	84425	$0.00	BR
83661	$0.00	BR	84160	$0.00	$4.00	84430	$0.00	$25.58
83662	$0.00	BR	84165	$0.00	$25.58	84432	$0.00	BR
83670	$0.00	BR	84165	$260.58	$25.00	84436	$0.00	BR
83690	$0.00	$9.90	84181	$0.00	BR	84437	$0.00	BR
83715	$0.00	$24.20	84181	$260.58	$24.89	84439	$0.00	BR
83716	$0.00	BR	84182	$0.00	BR	84442	$0.00	BR
83718	$0.00	$8.25	84182	$260.58	$24.89	84443	$0.00	BR
83719	$0.00	$8.25	84202	$0.00	BR	84445	$0.00	BR
83721	$0.00	$8.25	84203	$0.00	BR	84446	$0.00	BR
83727	$0.00	BR	84206	$0.00	BR	84449	$0.00	BR
83735	$0.00	BR	84207	$0.00	BR	84450	$0.00	BR
83775	$0.00	BR	84210	$0.00	BR	84460	$0.00	BR
83785	$0.00	$16.50	84220	$0.00	BR	84466	$0.00	BR
83788	$0.00	BR	84228	$0.00	BR	84478	$0.00	$8.00
83789	$0.00	BR	84233	$0.00	BR	84479	$0.00	BR
83805	$0.00	$25.58	84234	$0.00	BR	84480	$0.00	BR
83825	$0.00	$16.50	84235	$0.00	BR	84481	$0.00	BR
83835	$0.00	BR	84238	$0.00	BR	84482	$0.00	BR
83840	$0.00	BR	84244	$0.00	BR	84484	$0.00	BR
83857	$0.00	BR	84252	$0.00	BR	84485	$0.00	BR
83858	$0.00	BR	84255	$0.00	$13.20	84488	$0.00	BR
83864	$0.00	BR	84260	$0.00	BR	84490	$0.00	BR
83866	$0.00	BR	84270	$0.00	BR	84510	$0.00	BR
83872	$0.00	BR	84275	$0.00	BR	84512	$0.00	BR
83873	$0.00	BR	84285	$0.00	BR	84520	$0.00	BR
83874	$0.00	BR	84295	$0.00	BR	84525	$0.00	BR

84540	$0.00	$7.70	85097	$2.01	$86.38	85400	$0.00	BR
84545	$0.00	$12.10	85102	$3.13	$134.45	85410	$0.00	BR
84550	$0.00	$11.00	85130	$0.00	BR	85415	$0.00	BR
84560	$0.00	BR	85170	$0.00	$6.60	85420	$0.00	BR
84577	$0.00	BR	85175	$0.00	$20.90	85421	$0.00	BR
84578	$0.00	BR	85210	$0.00	BR	85441	$0.00	BR
84580	$0.00	BR	85220	$0.00	BR	85445	$0.00	BR
84583	$0.00	BR	85230	$0.00	BR	85460	$0.00	BR
84585	$0.00	BR	85240	$0.00	BR	85461	$0.00	BR
84586	$0.00	BR	85244	$0.00	BR	85475	$0.00	BR
84588	$0.00	BR	85245	$0.00	BR	85520	$0.00	BR
84590	$0.00	BR	85246	$0.00	BR	85525	$0.00	BR
84597	$0.00	BR	85247	$0.00	BR	85530	$0.00	BR
84600	$0.00	$22.55	85250	$0.00	BR	85535	$0.00	BR
84620	$0.00	BR	85260	$0.00	BR	85540	$0.00	BR
84630	$0.00	$13.20	85270	$0.00	BR	85547	$0.00	BR
84681	$0.00	BR	85280	$0.00	BR	85549	$0.00	BR
84702	$0.00	BR	85290	$0.00	BR	85555	$0.00	BR
84703	$0.00	BR	85291	$0.00	BR	85557	$0.00	BR
84830	$0.00	BR	85292	$0.00	BR	85576	$0.00	BR
84999	$0.00	BR	85293	$0.00	BR	85576	$260.58	$25.00
85002	$0.00	$9.90	85300	$0.00	BR	85585	$0.00	BR
85007	$0.00	$7.00	85301	$0.00	BR	85590	$0.00	BR
85008	$0.00	$0.83	85302	$0.00	BR	85595	$0.00	BR
85009	$0.00	$7.98	85303	$0.00	BR	85597	$0.00	BR
85013	$0.00	$2.48	85305	$0.00	BR	85610	$0.00	$7.70
85014	$0.00	$3.30	85306	$0.00	BR	85611	$0.00	BR
85018	$0.00	$8.00	85335	$0.00	BR	85612	$0.00	BR
85021	$0.00	$5.50	85337	$0.00	BR	85613	$0.00	BR
85022	$0.00	$16.00	85345	$0.00	$9.90	85635	$0.00	BR
85023	$0.00	BR	85347	$0.00	$9.90	85651	$0.00	$8.00
85024	$0.00	BR	85348	$0.00	$9.90	85652	$0.00	$8.00
85025	$0.00	BR	85360	$0.00	BR	85660	$0.00	BR
85027	$0.00	$6.88	85362	$0.00	BR	85670	$0.00	BR
85031	$0.00	$12.10	85366	$0.00	BR	85675	$0.00	BR
85041	$0.00	$3.30	85370	$0.00	BR	85705	$0.00	BR
85044	$0.00	BR	85378	$0.00	BR	85730	$0.00	$9.90
85045	$0.00	BR	85379	$0.00	BR	85732	$0.00	BR
85046	$0.00	BR	85384	$0.00	BR	85810	$0.00	BR
85048	$0.00	$3.30	85385	$0.00	BR	85999	$0.00	BR
85060	$0.82	$35.09	85390	$0.00	BR	86000	$0.00	BR
85095	$2.71	$116.21	85390	$260.58	$24.89	86003	$0.00	BR

86005	$0.00	BR	86325	$0.00	BR	86615	$0.00	BR
86021	$0.00	BR	86325	$260.58	$25.00	86617	$0.00	BR
86022	$0.00	BR	86327	$0.00	BR	86618	$0.00	BR
86023	$0.00	BR	86327	$260.63	$27.15	86619	$0.00	BR
86038	$0.00	$26.00	86329	$0.00	BR	86622	$0.00	BR
86039	$0.00	$11.55	86331	$0.00	BR	86625	$0.00	BR
86060	$0.00	$7.98	86332	$0.00	BR	86628	$0.00	BR
86063	$0.00	BR	86334	$0.00	BR	86631	$0.00	BR
86077	$1.32	$56.76	86334	$260.58	$24.89	86632	$0.00	BR
86078	$1.37	$58.59	86337	$0.00	BR	86635	$0.00	BR
86079	$1.36	$58.16	86340	$0.00	BR	86638	$0.00	BR
86140	$0.00	$6.60	86341	$0.00	BR	86641	$0.00	BR
86147	$0.00	BR	86343	$0.00	BR	86644	$0.00	BR
86148	$0.00	BR	86344	$0.00	BR	86645	$0.00	BR
86155	$0.00	BR	86353	$0.00	BR	86648	$0.00	BR
86156	$0.00	BR	86359	$0.00	BR	86651	$0.00	BR
86157	$0.00	BR	86360	$0.00	BR	86652	$0.00	BR
86160	$0.00	BR	86361	$0.00	BR	86653	$0.00	BR
86161	$0.00	BR	86376	$0.00	BR	86654	$0.00	BR
86162	$0.00	BR	86378	$0.00	BR	86658	$0.00	BR
86171	$0.00	BR	86382	$0.00	BR	86663	$0.00	BR
86185	$0.00	BR	86384	$0.00	BR	86664	$0.00	BR
86215	$0.00	BR	86403	$0.00	BR	86665	$0.00	BR
86225	$0.00	BR	86406	$0.00	BR	86668	$0.00	BR
86226	$0.00	BR	86430	$0.00	$6.60	86671	$0.00	BR
86235	$0.00	BR	86431	$0.00	$6.60	86674	$0.00	BR
86243	$0.00	BR	86485	$0.00	BR	86677	$0.00	BR
86255	$0.00	BR	86490	$0.32	$13.84	86682	$0.00	BR
86255	$260.59	$25.22	86510	$0.35	$15.02	86684	$0.00	BR
86256	$0.00	BR	86580	$0.28	$12.02	86687	$0.00	BR
86256	$260.58	$25.00	86585	$0.22	$9.44	86688	$0.00	BR
86277	$0.00	BR	86586	$0.00	BR	86689	$0.00	BR
86280	$0.00	BR	86588	$0.00	BR	86692	$0.00	BR
86308	$0.00	$6.33	86590	$0.00	BR	86694	$0.00	BR
86309	$0.00	BR	86592	$0.00	$6.33	86695	$0.00	BR
86310	$0.00	BR	86593	$0.00	$6.33	86698	$0.00	BR
86316	$0.00	BR	86602	$0.00	BR	86701	$0.00	BR
86317	$0.00	BR	86603	$0.00	BR	86702	$0.00	BR
86318	$0.00	BR	86606	$0.00	BR	86703	$0.00	BR
86320	$0.00	BR	86609	$0.00	BR	86704	$0.00	BR
86320	$260.59	$25.22	86612	$0.00	BR	86705	$0.00	BR

86706	$0.00	BR	86812	$0.00	BR	86976	$0.00	BR
86707	$0.00	BR	86813	$0.00	BR	86977	$0.00	BR
86708	$0.00	BR	86816	$0.00	BR	86978	$0.00	BR
86709	$0.00	BR	86817	$0.00	BR	86985	$0.00	BR
86710	$0.00	BR	86821	$0.00	BR	86999	$0.00	BR
86713	$0.00	BR	86822	$0.00	BR	87001	$0.00	BR
86717	$0.00	BR	86849	$0.00	BR	87003	$0.00	BR
86720	$0.00	BR	86850	$0.00	BR	87015	$0.00	BR
86723	$0.00	BR	86860	$0.00	BR	87040	$0.00	$15.40
86727	$0.00	BR	86870	$0.00	BR	87045	$0.00	BR
86729	$0.00	BR	86880	$0.00	BR	87060	$0.00	BR
86732	$0.00	BR	86885	$0.00	BR	87070	$0.00	BR
86735	$0.00	BR	86886	$0.00	BR	87072	$0.00	BR
86738	$0.00	BR	86890	$0.00	BR	87075	$0.00	$33.00
86741	$0.00	BR	86891	$0.00	BR	87076	$0.00	BR
86744	$0.00	BR	86900	$0.00	BR	87081	$0.00	BR
86747	$0.00	BR	86901	$0.00	BR	87082	$0.00	BR
86750	$0.00	BR	86903	$0.00	BR	87083	$0.00	BR
86753	$0.00	BR	86904	$0.00	BR	87084	$0.00	BR
86756	$0.00	BR	86905	$0.00	BR	87085	$0.00	BR
86759	$0.00	BR	86906	$0.00	BR	87086	$0.00	BR
86762	$0.00	BR	86910	$0.00	BR	87087	$0.00	BR
86765	$0.00	BR	86911	$0.00	BR	87088	$0.00	BR
86768	$0.00	BR	86915	$0.00	BR	87101	$0.00	BR
86771	$0.00	BR	86920	$0.00	BR	87102	$0.00	BR
86774	$0.00	BR	86921	$0.00	BR	87103	$0.00	BR
86777	$0.00	BR	86922	$0.00	BR	87106	$0.00	BR
86778	$0.00	BR	86927	$0.00	BR	87109	$0.00	BR
86781	$0.00	BR	86930	$0.00	BR	87110	$0.00	BR
86784	$0.00	BR	86931	$0.00	BR	87116	$0.00	BR
86787	$0.00	BR	86932	$0.00	BR	87117	$0.00	BR
86790	$0.00	BR	86940	$0.00	BR	87118	$0.00	BR
86793	$0.00	BR	86941	$0.00	BR	87140	$0.00	BR
86800	$0.00	BR	86945	$0.00	BR	87143	$0.00	BR
86803	$0.00	BR	86950	$0.00	BR	87145	$0.00	BR
86804	$0.00	BR	86965	$0.00	BR	87147	$0.00	BR
86805	$0.00	BR	86970	$0.00	BR	87151	$0.00	BR
86806	$0.00	BR	86971	$0.00	BR	87155	$0.00	BR
86807	$0.00	BR	86972	$0.00	BR	87158	$0.00	BR
86808	$0.00	BR	86975	$0.00	BR	87163	$0.00	BR

87164	$0.00	BR	87324	$0.00	BR	87521	$0.00	BR
87164	$260.57	$24.57	87328	$0.00	BR	87522	$0.00	BR
87166	$0.00	BR	87332	$0.00	BR	87525	$0.00	BR
87174	$0.00	BR	87335	$0.00	BR	87526	$0.00	BR
87175	$0.00	BR	87340	$0.00	BR	87527	$0.00	BR
87176	$0.00	BR	87350	$0.00	BR	87528	$0.00	BR
87177	$0.00	BR	87380	$0.00	BR	87529	$0.00	BR
87181	$0.00	$3.30	87385	$0.00	BR	87530	$0.00	BR
87184	$0.00	$9.90	87390	$0.00	BR	87531	$0.00	BR
87186	$0.00	BR	87391	$0.00	BR	87532	$0.00	BR
87187	$0.00	BR	87420	$0.00	BR	87533	$0.00	BR
87188	$0.00	BR	87425	$0.00	BR	87534	$0.00	BR
87190	$0.00	BR	87430	$0.00	BR	87535	$0.00	BR
87192	$0.00	$15.68	87449	$0.00	BR	87536	$0.00	BR
87197	$0.00	$15.95	87450	$0.00	BR	87537	$0.00	BR
87205	$0.00	$7.98	87470	$0.00	BR	87538	$0.00	BR
87206	$0.00	$7.98	87471	$0.00	BR	87539	$0.00	BR
87207	$0.00	$13.20	87472	$0.00	BR	87540	$0.00	BR
87207	$260.59	$25.22	87475	$0.00	BR	87541	$0.00	BR
87208	$0.00	BR	87476	$0.00	BR	87542	$0.00	BR
87210	$0.00	$7.98	87477	$0.00	BR	87550	$0.00	BR
87211	$0.00	BR	87480	$0.00	BR	87551	$0.00	BR
87220	$0.00	$7.98	87481	$0.00	BR	87552	$0.00	BR
87230	$0.00	BR	87482	$0.00	BR	87555	$0.00	BR
87250	$0.00	$73.98	87485	$0.00	BR	87556	$0.00	BR
87252	$0.00	BR	87486	$0.00	BR	87557	$0.00	BR
87253	$0.00	BR	87487	$0.00	BR	87560	$0.00	BR
87260	$0.00	BR	87490	$0.00	BR	87561	$0.00	BR
87265	$0.00	BR	87491	$0.00	BR	87562	$0.00	BR
87270	$0.00	BR	87492	$0.00	BR	87580	$0.00	BR
87272	$0.00	BR	87495	$0.00	BR	87581	$0.00	BR
87274	$0.00	BR	87496	$0.00	BR	87582	$0.00	BR
87276	$0.00	BR	87497	$0.00	BR	87590	$0.00	BR
87278	$0.00	BR	87510	$0.00	BR	87591	$0.00	BR
87280	$0.00	BR	87511	$0.00	BR	87592	$0.00	BR
87285	$0.00	BR	87512	$0.00	BR	87620	$0.00	BR
87290	$0.00	BR	87515	$0.00	BR	87621	$0.00	BR
87299	$0.00	BR	87516	$0.00	BR	87622	$0.00	BR
87301	$0.00	BR	87517	$0.00	BR	87650	$0.00	BR
87320	$0.00	BR	87520	$0.00	BR	87651	$0.00	BR

87652	$0.00	BR	88140	$0.00	BR	88182	$1.75	$75.00
87797	$0.00	BR	88141	$0.76	$32.51	88182	TC $0.51	$21.89
87798	$0.00	BR	88142	$0.00	BR	88182	$261.24	$53.11
87799	$0.00	BR	88143	$0.00	BR	88199	$0.00	BR
87810	$0.00	BR	88144	$0.00	BR	88199	TC $0.00	BR
87850	$0.00	BR	88145	$0.00	BR	88199	$260.00	BR
87880	$0.00	BR	88147	$0.00	BR	88230	$0.00	BR
87899	$0.00	BR	88148	$0.00	BR	88233	$0.00	BR
87999	$0.00	BR	88150	$0.00	BR	88235	$0.00	BR
88000	$0.00	BR	88152	$0.00	BR	88237	$0.00	BR
88005	$0.00	BR	88153	$0.00	BR	88239	$0.00	BR
88007	$0.00	BR	88154	$0.00	BR	88240	$0.00	BR
88012	$0.00	BR	88155	$0.00	BR	88241	$0.00	BR
88014	$0.00	BR	88160	$0.89	$38.09	88245	$0.00	BR
88016	$0.00	BR	88160	TC $0.19	$8.15	88248	$0.00	BR
88020	$0.00	BR	88160	$260.70	$29.94	88249	$0.00	BR
88025	$0.00	BR	88161	$0.96	$41.10	88261	$0.00	BR
88027	$0.00	BR	88161	TC $0.23	$9.87	88262	$0.00	BR
88028	$0.00	BR	88161	$260.73	$31.22	88263	$0.00	BR
88029	$0.00	BR	88162	$1.62	$69.53	88264	$0.00	BR
88036	$0.00	BR	88162	TC $0.43	$18.46	88267	$0.00	BR
88037	$0.00	BR	88162	$261.19	$51.07	88269	$0.00	BR
88040	$0.00	BR	88164	$0.00	BR	88271	$0.00	BR
88045	$0.00	BR	88165	$0.00	BR	88272	$0.00	BR
88099	$0.00	BR	88166	$0.00	BR	88273	$0.00	BR
88104	$1.08	$46.14	88167	$0.00	BR	88274	$0.00	BR
88104	TC $0.25	$10.73	88170	$2.04	$103.01	88275	$0.00	BR
88104	$260.83	$35.41	88170	TC $0.54	$23.18	88280	$0.00	BR
88106	$1.00	$42.81	88170	$261.86	$79.83	88283	$0.00	BR
88106	TC $0.20	$8.69	88171	$2.72	$116.64	88285	$0.00	BR
88106	$260.80	$34.12	88171	TC $0.72	$31.01	88289	$0.00	BR
88107	$1.33	$56.87	88171	$262.00	$85.63	88291	$0.74	$31.76
88107	$0.27	$11.59	88172	$1.38	$59.02	88299	$0.00	BR
88107	$1.06	$45.28	88172	TC $0.40	$17.17	88300	$0.29	$12.45
88108	$1.11	$47.43	88172	$260.98	$41.85	88300	TC $0.11	$4.72
88108	TC $0.27	$11.59	88173	$2.40	$103.01	88300	$260.18	$7.73
88108	$260.84	$35.84	88173	TC $0.48	$20.49	88302	TC $0.27	$11.59
88125	$0.39	$16.52	88173	$261.92	$82.51	88302	$260.30	$12.77
88125	TC $0.04	$1.72	88180	$0.73	$31.33	88302	$0.57	$24.36
88125	$260.35	$14.81	88180	TC $0.19	$8.15	88304	$0.84	$35.95
88130	$0.00	BR	88180	$260.54	$23.18	88304	TC $0.38	$16.31

88304	$260.46	$19.64	88332	TC $0.31	$13.31	88399	$260.00	BR
88305	$1.87	$80.15	88332	$260.91	$38.84	89050	$0.00	BR
88305	TC $0.57	$24.57	88342	$1.59	$68.14	89051	$0.00	BR
88305	$261.30	$55.58	88342	TC $0.36	$15.45	89060	$0.00	BR
88307	$3.30	$141.42	88342	$261.23	$52.68	89060	$260.59	$25.22
88307	TC $0.85	$36.59	88346	$1.53	$65.77	89100	$1.21	$51.83
88307	$262.44	$104.83	88346	TC $0.31	$13.31	89105	$1.53	$65.77
88309	$4.43	$190.03	88346	$261.22	$52.47	89125	$0.00	BR
88309	TC $1.06	$45.50	88347	$1.40	$59.87	89130	$1.14	$49.04
88309	$263.37	$144.53	88347	TC $0.31	$13.31	89132	$0.73	$31.12
88311	$0.48	$20.39	88347	$261.09	$46.57	89135	$1.49	$64.06
88311	TC $0.11	$4.72	88348	$3.94	$168.89	89136	$0.79	$33.80
88311	$260.37	$15.67	88348	TC $1.24	$53.33	89140	$1.98	$84.98
88312	$0.85	$36.48	88348	$262.69	$115.56	89141	$1.94	$83.16
88312	TC $0.13	$5.58	88349	$2.41	$103.33	89160	$0.00	BR
88312	$260.72	$30.90	88349	TC $0.87	$37.45	89190	$0.00	BR
88313	$0.48	$20.39	88349	$261.54	$65.88	89250	$0.00	BR
88313	TC $0.11	$4.72	88355	$3.77	$161.92	89251	$0.00	BR
88313	$260.37	$15.67	88355	TC $0.94	$40.34	89252	$0.00	BR
88314	$1.11	$47.75	88355	$262.83	$121.57	89253	$0.00	BR
88314	TC $0.31	$13.31	88356	$5.97	$256.13	89254	$0.00	BR
88314	$260.80	$34.44	88356	TC $1.44	$61.70	89255	$0.00	BR
88318	$0.70	$30.15	88356	$264.53	$194.43	89256	$0.00	BR
88318	TC $0.13	$5.58	88358	$5.44	$233.38	89257	$0.00	BR
88318	$260.57	$24.57	88358	TC $1.32	$56.65	89258	$0.00	BR
88319	$1.09	$46.57	88358	$264.12	$176.72	89259	$0.00	BR
88319	TC $0.27	$11.59	88362	$4.36	$186.92	89260	$0.00	BR
88319	$260.82	$34.98	88362	TC $1.10	$47.21	89261	$0.00	BR
88321	$1.89	$81.01	88362	$263.26	$139.70	89264	$0.00	BR
88323	$2.21	$94.75	88365	$1.77	$76.08	89300	$0.00	BR
88323	TC $0.38	$16.31	88365	TC $0.42	$18.03	89310	$0.00	BR
88323	$261.83	$78.44	88365	$261.35	$58.05	89320	$0.00	BR
88325	$2.94	$125.97	88371	$0.00	BR	89325	$0.00	BR
88329	$1.08	$46.46	88371	$260.57	$24.57	89329	$0.00	BR
88331	$2.42	$103.97	88372	$0.00	BR	89330	$0.00	BR
88331	TC $0.62	$26.61	88372	$260.58	$24.89	89350	$0.44	$18.99
88331	$261.80	$77.36	88399	$0.00	BR	89355	$0.00	BR
88332	$1.22	$52.15	88399	TC $0.00	BR	89360	$0.49	$20.92

89365	$0.00	BR
89399	$0.00	BR
89399	TC $0.00	BR
89399	$260.00	BR

Fees for L-code procedures developed by BWC-HCSD

Table 1501 – D

Code	Descriptor	MAP	85% of	64% of MAP
90801	Psychiatric diagnostic interview	165.12	140.35	105.67
90802	Interactive psych diagnostic interview	162.12	137.8	103.76
90804	Psytx, office (20-30)	74.98	63.73	47.98
90805	Psytx, office (20-30) w/e&m	82.11		
90806	Psytx, office (45-50)	115.08	97.82	73.65
90807	Psytx, office (45-50) w/e&m	121.58		
90808	Psytx, office (75-80)	183.67	156.12	117.55
90809	Psytx, office (75-80) w/e&m	189.85		
90810	Intac psytx, office (20-30)	91.71	77.96	58.7
90811	Intac psytx, off 20-30 w/e&m	98.85		
90812	Intac psytx, office (45-50)	123.45	104.94	79.01
90813	Intac psytx, off 45-50 w/e&m	129.53		
90814	Intac psytx, office (75-80)	167.92	142.73	107.47
90815	Intac psytx, off 75-80 w/e&m	173.99		
90816	Psytx, hosp (20-30)	77.37	65.76	49.52
90817	Psytx, hosp (20-30) w/e&m	84.19		
90818	Psytx, hosp (45-50)	116.82	99.3	74.76
90819	Psytx, hosp (45-50) w/e&m	123.64		
90821	Psytx, hosp (75-80)	185.96	158.07	119.01
90822	Psytx, hosp (75-80) w/e&m	192.25		
90823	Intac psytx, hosp (20-30)	94.64	80.44	60.57
90824	Intac psytx, hosp. 20-30 w/e&m	101.14		
90826	Intac psytx, hosp (45-50)	125.74	106.88	80.47
90827	Intac psytx, hosp. 45-50 w/e&m	131.48		
90828	Intac psytx, hosp (75-80)	170.63	145.04	109.2
90829	Intac psytx, hosp. 75-80 w/e&m	175.75		
90845	Psychoanalysis	103.85	88.27	66.47
90846	Family psytx w/o patient	115.99	98.59	74.23
90847	Family psytx w/patient	132.58	112.69	84.85
90849	Multiple family group psytx	40.54	34.46	25.95
90853	Group psychotherapy	40.33	34.28	25.81
90857	Intac group psytx	38.37	32.62	24.56
90862	Medication management	62.81	53.39	40.2
90865	Narcosynthesis	194.48	165.31	124.47

	Table 1501-E	
Code	**Physical Medicine Procedure Codes**	**Allowable**
97001	Physical Therapy Evaluation	$78.54
97002	Physical Therapy Re-Evaluation	$31.33
97003	Occupational Therapy Evaluation	$80.68
97004	Occupational Therapy Re-Evaluation	$31.76
97122	Deleted procedure code	
97140	Manual therapy techniques, each 15 minutes	$28.75
97250	Deleted procedure code	
97260	Deleted procedure code	
97261	Deleted procedure code	
97265	Deleted procedure code	
97500	Deleted procedure code	
97501	Deleted procedure code	
97504	Orthotics fitting and training, each 15 minutes	$28.33
97521	Deleted procedure code	
97780	Acupuncture, one or more needles; without elec. stim.	BR
97781	with electrical stimulation	BR

History: 2000 MR 6, Eff. May 11, 2000.

MICHIGAN JOBS COMMISSION

MICHIGAN EMPLOYMENT SECURITY AGENCY

EMPLOYMENT SECURITY

PART 1. ADMINISTRATION

R 421.1 Definitions.

Rule 1. As used in these rules:

(1) "Act" means the Michigan employment security act, Act No. 1 of the Public Acts of the Extra Session of 1936, as amended, being §§421.1 to 421.75 of the Michigan Compiled Laws.

(2) "Agency" means the state of Michigan, unemployment agency.

History: 1999 MR 12, Eff. Dec. 20, 1999.

R 421.10

Source: 1980 AACS.

R 421.15

Source: 1996 AACS.

PART 2. EMPLOYERS

R 421.101

Source: 1980 AACS.

R 421.105

Source: 1980 AACS.

R 421.112 Determination of cash value of room and board.

Rule 112. (1) If board, rent, housing, lodging, meals, or similar advantage is extended in any medium other than cash as partial or entire remuneration for service constituting "employment" as defined in section 42 of the act, then the reasonable cash value of same shall be deemed wages. However, for purposes of this rule, payments in any medium other than cash shall not apply to agricultural or domestic service, except for purposes of subrule (7) of this rule.
(2) If the cash value for such board, rent, housing, lodging, meals, or similar advantage is agreed upon in any contract of hire, the amount so agreed upon shall be deemed the value of the board, rent, housing, lodging, meals, or similar advantage. Check stubs, pay envelopes, and other documents which are furnished to employees and which set forth cash value are acceptable as evidence as to the amount of the cash value agreed upon in any contract of hire, except as provided in subrules (4) and (6) of this rule.
(3) If the cash value for board, rent, housing, lodging, meals, or similar advantage is not agreed upon in a contract for hire, then the rate for board, rent, housing, lodging, meals or similar advantage furnished in addition to money wages or wholly comprising the wages of an employed individual shall be deemed to have the following cash value, except as provided in subrules (4) and (6) of this rule:
Full board and room per week..... $66.13.
Meals (without lodging) per week..... 43.40.
Meals (without lodging) per day..... 7.24.
Meals (without lodging) per meal..... 2.23.
Lodging (without meals) per week..... 20.28.
Lodging (without meals) per day..... 3.13.
However, if lodging is furnished, for example, to superintendents of properties, caretakers, and janitors, the value of such lodging shall be the amount that would be paid by such an employee for similar or equivalent accommodations furnished by an individual other than his or her employer.
(4) At the request of any employer or employee or on its own motion, the State of Michigan Unemployment Agency or its authorized agent, may after the expiration of a 1-year period from the effective date of this rule and after affording reasonable opportunity at a hearing for the submission of relevant information in writing or in person, determine the reasonable cash value of board, rent, housing, lodging, meals, or similar advantage in particular instances or group of instances if it is determined that the values fixed in, or arrived at under, subrule (3) of this rule or in the contract of hire do not properly reflect the reasonable cash value of remuneration.
(5) The State of Michigan Unemployment Agency shall adjust the cash values in subrule (3) of this rule annually on March 1, based on a comparison of the United States department of labor, bureau of labor statistics, consumer price index for urban wager earners and clerical workers for Detroit-Ann Arbor, Michigan, for the preceding December with the corresponding United States department of labor, bureau of labor statistics, consumer price index for urban wage earners and clerical workers for Detroit-Ann Arbor, Michigan, for the December preceding that December.
(6) Except as provided in subrule (4) of this rule, if the state of Michigan unemployment agency determines that the reasonable cash value of board, rent, housing, lodging, mearls, or similar advantage is other than as prescribed in a contract of hire or in subrule (3) of this rule, then the employer's payroll and contribution reports to the state of Michigan unemployment agency shall thereafter show the value of such remuneration as determined by the sstate of Michigan unemployment agency.
(7) For the purpose of determining whether an individual is "unemployed" as defined in section 48 of Act No. 1 of the Public Acts of the Extra Session of 1936, as amended, being S421.1 et seq. of the Michigan Compiled Laws, the reasonable cash value of board, rent, housing, lodging, meals, or similar advantage as compensation for personal services shall also be established pursuant to this rule.
History: 1944 ACS 12; 1954 AC; 1954 ACS 13, Eff. Feb. 14, 1958; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1986 MR 6, Eff. July 11, 1986; 1998 MR 7, Eff. July 13, 1998.

R 421.113 Rescinded.

History: 1954 ACS 44, Eff. Nov. 14, 1965; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; rescineded 1998 MR 7, Eff. July 13, 1998.

R 421.115

Source: 1980 AACS.

R 421.121 Employer contribution reports and payments.

Rule 121. (1) Except as provided in subrule (4) of this rule, contributions shall become due and payable quarterly with respect to wages paid in each calendar quarter, except that the agency may require contributions to become due and payable on a monthly basis in any instance in which an employer has a history of delinquency or in any instance in which the agency has reason to believe that the collection of contributions may otherwise be jeopardized.

(2) Each employer shall submit a contribution report on forms provided by the agency or on facsimiles of forms approved by the agency. Except as provided in subrule (4) of this rule, an employer shall submit a quarterly report and pay the contributions due on wages paid during the calendar quarter on or before the twenty-fifth day of the month next following the last day of the calendar quarter or, if required by the agency, shall submit a monthly report and pay the contributions due on wages paid during the calendar month on or before the twenty-fifth day of the month next following the last day of the month for which the report is submitted. Contributions paid after the due date specified in this subrule but before the first business day of the calendar month beginning after the due date specified in this subrule shall not accrue interest. Contributions paid after the last day of the calendar month containing the due date specified in this subrule shall accrue interest beginning the day after the due date specified in this subrule.

(3) An employer who is notified by the agency to report and pay contributions on a calendar month basis shall file the report and pay the contributions due with respect to wages paid in the month that the notice is mailed by the agency. Further, the employer shall, within 25 calendar days after mailing the notice, file separate monthly contribution reports and pay contributions due with respect to wages paid in each previously completed calendar month in the particular quarter in which the notice is mailed.

(4) Each school district and community college district that elects to be a contributing employer and that is liable for contributions for a calendar year shall pay the contributions within 30 calendar days after the start of its next fiscal year after the calendar year. Within the time period in subrule (2) of this rule, a school district or community college district that becomes a contributing employer shall submit a contribution report on forms provided by the agency or on facsimiles of forms approved by the agency. However, the district shall make payment under this subrule.

(5) Any remuneration payable to an individual that has not been actually paid to the individual within 21 calendar days after the end of the pay period in which the remuneration was earned is deemed to have been paid on the twenty-first day after the end of the pay period. Remuneration, the exact amount of which or the persons to whom payable, or both, have not been determinable during any pay period, is considered to have been earned in the pay period in which both the amount and the persons to whom payable are first determinable.

(6) The following person, as appropriate, shall sign the certification on each contribution report:

(a) The individual, if the employer is an individual.

(b) The president, vice president, or other officer, if the employer is a corporation.

(c) A responsible or duly authorized member having knowledge of its affairs, if the employer is a partnership or other unincorporated organization.

(d) An individual who possesses the necessary authority, if the employer is a governmental entity.

(7) An employing unit that at any time becomes a contributing employer under the provisions of the act during the course of any calendar year shall, immediately after becoming a contributing employer, prepare and file a contribution report for each then completed calendar quarter or each then completed calendar month if required by the agency within the calendar year. After filing the initial contribution report, the contributing employer shall file the reports as required by this rule.

(8) An employing unit that elects, under the provisions of section 25 of the act, to become a contributing employer shall, upon written approval of the election by the agency, file the required reports, including a contribution report for all completed calendar quarters, or calendar months if required by the agency, beginning with the effective date of liability as approved by the agency.

(9) Upon the discontinuance, sale, assignment, or transfer, whether voluntary or by operation of law, of the trade, organization, or business in Michigan of a contributing employer, other than a school district or community college district, contributions shall become immediately due and payable as of the date of the

discontinuance, sale, assignment, or transfer. Within 15 calendar days of the date of discontinuance, sale, assignment, or transfer, the employer shall file with the agency all reports required by this rule for the part of the calendar month or calendar quarter that has elapsed since the last day of the preceding required reporting period. In the case of a school district or a community college district, the reporting requirements specified in this subrule shall apply, but a district shall pay contributions due under subrule (4) of this rule.

(10) The last return of a contribution report for any employer shall be marked "Final Return" by the employer or other person filing the return. An employer shall plainly write the period covered by the return on the return, indicating the date of the final payment of wages subject to contributions. Except for a contributing employer who elects to become a reimbursing employer, in addition to the other requirements of this subrule, an employer shall execute and file a "discontinuance or disposition of business or assets."

(11) An employer shall execute and file each return, together with any supporting data, including wage and employment information, pursuant to instructions and the applicable rules. Further, upon notification from the agency, a multicounty employer and, as defined by the agency, a multiindustry employer within a county shall report wage and employment information for each location. An employer shall apply to the agency for the forms needed in time to have the employer's returns prepared, certified, and filed with the agency on or before the due date. An employer shall carefully prepare the return so as to set forth fully and clearly the data called for in the return. The agency shall not accept, as meeting the requirements of the act, a return that does not set forth the data fully and clearly. Each employer is required to file his or her own report with respect to wages for employment performed for the employer. Employers shall not file consolidated reports of parent and subsidiary corporations except as permitted by rule R 421.190 with regard to a common paymaster arrangement.

History: 1944 AC; 1944 ACS 12; 1954 AC; 1954 ACS 13, Eff. Feb. 14, 1958; 1954 ACS 44, Eff. Nov. 14, 1965; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1999 MR 12, Eff. Dec. 20, 1999.

R 421.122
Source: 1980 AACS.

R 421.123
Source: 1995 AACS.

R 421.162
Source: 1986 AACS.

R 421.184
Source: 1980 AACS.

R 421.190 Common Paymaster; Employee Leasing Companies; Payrolling; Temporary Help Firms.

Rule 190. (1) As used in this rule:

(a) "Captive provider" means an employee leasing company which limits itself to providing services and employees to only 1 client entity and the entity's subsidiaries and affiliates and which does not hold itself out as available to provide leasing services to other client entities that do not share an ownership relationship with the employee leasing company.

(b) "Client entity," also known as a "work-site employer," means the business entity that contracts with an employee leasing company for the purpose of providing employees and related services to the client entity.

(c) "Common paymaster" is the arrangement by which different services performed by one individual are divided among 2 or more employers that are related through commonality of ownership, and the individual is compensated by 1 of those employers that acts as the common paymaster. Under such an arrangement, different employers benefit from the services of the same individual, but these services are reflected in the experience rating of, and the payment of unemployment taxes by, only one of the employers. If 2 or more related corporations concurrently employ the same individual and compensate that individual through a common paymaster that is 1 of the corporations, those corporations may elect to report wages and pay unemployment taxes of all shared employees of the related corporations through a common paymaster and the related corporations will be considered to be a single employing unit. The common paymaster for

purposes of reporting wages and paying Michigan unemployment taxes of all shared employees shall be the corporation with the highest Michigan unemployment tax rate. Corporations are considered to be related if they satisfy any one of the following tests at any time during the calendar quarter:

(i) The corporations are members of a controlled group of corporations as defined in section 1563 of the internal revenue code, 26 U.S.C. 1563, or would be members if certain stock ownership percentage requirements between corporations were relaxed and certain exclusions made inapplicable.

(ii) In the case of a corporation that does not issue stock, either 50% or more of the members of 1 corporation's board of directors or other governing body are members of the other corporation's board of directors or other governing body, or the holders of 50% or more of the voting power to select such members are concurrently the holders of 50% or more of that power with respect to the other corporation.

(iii) Fifty percent or more of 1 corporation's officers are concurrently officers of the other corporation.

(iv) Thirty percent or more of 1 corporation's employees are concurrently employees of the other corporation.

Corporations are considered related for an entire calendar quarter if 1 of the requirements listed in paragraph (i) to (iv) of this subdivision is satisfied. Concurrent employment means the contemporaneous existence of an employment relationship between an individual and 2 or more corporations.

(d) "Employee leasing company" (ELC), also known as a "professional employer organization," means an independently established business entity that does all of the following:

(i) Provides employees to a client entity.

(ii) Pays the wages of the employees.

(iii) Reports and withholds applicable taxes from the wages of the employees.

(iv) Administers the benefits for the employees.

(v) Provides other payroll, human resources, and other management assistance services that are agreed upon with its client entity.

The employees provided to the client entity may have previously been employed directly by the client entity. The relationship between the client entity and ELC is intended to be long-term or continuing, rather than temporary or intermittent, and the employees are, generally, not subject to reassignment. The majority of the workers at a client entity's worksite, or a majority of workers in a specialized group within that workforce, consists of employees assigned by the leasing company.

(e) "Payrolling" is the practice of establishing a related or associated company for the purposes of reassigning the employee payroll functions from 1 business entity to the related business entity, usually to take advantage of the lower unemployment tax rate of the related business entity. Direction and control of the involved employees are not transferred along with the payroll to the related business entity, and the related entity is not an employee leasing company. The related business entity to which the payroll is assigned is not the employer for unemployment insurance tax purposes. The entity for which services are performed and which exercises direction and control over the employee is the employer.

(f) A "temporary help firm" is an employer whose primary business is to provide a client entity with the temporary services of 1 or more individuals under contract with the employer. Employment with a temporary help firm is characterized by a series of limited-term assignments of an individual to a client entity based on a written or oral contract between the temporary help firm and the client entity. The assignment is usually for a specified period. A separate written or oral employment contract exists between the temporary help firm and each individual it hires as an employee. The employee of the temporary help firm is subject to reassignment by the temporary help firm. Completion of an assignment for the client entity by an employee employed by the temporary help firm does not, in itself, terminate the employment contract between the temporary help firm and the individual. A temporary help firm that meets the requirements of section 41 of the Michigan employment security act is a liable employer and must pay unemployment taxes on its employees.

(2) An ELC that meets the requirements of section 41 of the act is a liable employer and responsible to pay unemployment taxes on the employees leased to the client entity. For unemployment tax purposes in Michigan, the ELC, and not the client entity, is the employer of the leased employees if all of the following conditions are met:

(a) An employing entity representing itself to be an ELC shall comply with the requirements of this rule to be considered by the Agency to be an ELC for purposes of the act and this rule. If the agency determines the

entity is not an ELC within the meaning of this rule, then the payroll of workers at the client entity will be assigned or reassigned to the client entity and the client entity's prior experience rating will be reinstated.
(b) The ELC shall administer all payroll and all benefit services for the client entity, pay the wages of the workers, and have the right both in contract and in fact to hire, promote, reassign, discipline, and terminate the leased workers. The ELC cannot delegate the rights to the client entity. The client entity's officers may be considered employees of the leasing company when they are acting as operational managers, or performing services, for the client entity.
(c) The ELC retains the right to exercise direction and control over the daily activities of the workers or can delegate the right to the client entity.
(d) None of the following entities has an ownership interest of more than 20% in the client entity, including the client entity's subsidiaries and affiliates, and the client entity does not have more than 20% ownership interest in the ELC.
(e) Neither the ELC nor any individual owner or other employee of the ELC has direct or indirect control over the client entity.
(f) The ELC does not limit itself to providing services and employees to any 1 client entity, including that entity's subsidiaries and affiliates, but holds itself out to the public in general as available to provide leasing services. The ELC shall not be a captive provider of employee services.
(3) To be considered the employer of the leased employees, the employee leasing company shall comply with all of the following operational requirements:
(a) The ELC shall maintain records pertaining to the employees of the ELC who perform services for the client entity. In addition, the ELC shall make the records available to the agency, on request.
(b) Upon request, the ELC shall promptly provide the agency with a copy of the employee lease agreement with any of its client entities and with a list of the ELC's client entities.
(c) The ELC shall comply with federal, state, and local employment and business registration laws, regulations, and ordinances. If the ELC does not so comply, then the agency may decline or cease to recognize an employing entity as an ELC.
History: 1999 MR 12, Eff. Dec. 20, 1999.

PART 3. CLAIMS

R 421.201 "Interested party" defined.

Rule 201. (1) The term "interested party," as used in the act or these rules, means anyone whose statutory rights or obligations might be affected by the outcome or disposition of the determination, redetermination, or decision. An interested party has all of the following rights:
(a) The right to receive a copy of the notice of determination or redetermination.
(b) The right to request a reconsideration of the determination or redetermination.
(c) The right to appeal to a referee or the board of review in the manner provided in the act.
(2) The agency is an interested party in any appeal before a referee, the board of review, or in any judicial action involving an order or decision of the board of review or a referee.
(3) An employer or employing entity in this or another state is an interested party in connection with a claim for benefits if the employer's or employing entity's account has been charged, the employer or employing entity is presently or potentially chargeable with some portion of benefits paid or payable on such claim, or the employer or employing entity is directly involved in a possible ineligibility or disqualification of a claimant.
History: 1944 AC; 1944 ACS 12; 1954 AC; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1986 MR 6, Eff. July 11, 1986; 1999 MR 12, Eff. Dec. 20, 1999.

R 421.205 Notification to employing unit of filing of claim; request for wage and separation information from employing unit; notification of unemployment agency of possible disqualification or ineligibility of claimant; "respond" defined.

Rule 205. (1) When an individual files a new claim for benefits, the agency shall notify all of the individual's base period employing units of the filing and shall request wage information or separation

information, or both, on a form designed for that purpose. Each employing unit shall respond within 10 calendar days from the date of mailing or personal service of the information request on the form approved by the agency and shall direct the response to the agency. The form shall show the following information:
(a) A summary statement of pertinent facts if the employing unit questions whether the individual should receive benefits.
(b) Other information that the agency requests.
(2) When an individual files an additional or reopened claim, the agency shall notify the separating employing unit and the currently chargeable employer, unless the agency receives a written request from the separating employing unit or from the currently chargeable employer that the notice not be provided. The employing unit shall respond in writing within 10 calendar days from the date of mailing or personal service of the notice if it questions the individual's eligibility or qualification.
(3) An employing unit shall notify the agency of the possible disqualification or ineligibility of a claimant in any of the following ways:
(a) By inserting the information on the form sent to the employing unit by the agency requesting wage and separation information or on an approved facsimile of the form.
(b) By notifying the agency, in writing, of the existence of possible ineligibility or disqualification in response to a notice of claim renewal.
(c) By notifying the agency, in writing, of a possible disqualification or ineligibility within 5 business days from the date the possible disqualification or ineligibility arose.
(4) When a "Notice of Possible Disqualification or Ineligibility" form is used, an employing unit shall mail or deliver the form to the agency at its state administrative headquarters, 7310 Woodward Avenue, Detroit, Michigan 48202. The form shall contain all of the following information:
(a) The individual's full name and social security account number.
(b) The employing unit's name, registration number, if one has been assigned by the agency, and the address to which any request for wage and separation information shall be directed.
(c) The last day worked by the individual.
(d) A statement of the circumstances on which the employing unit relies in questioning whether the individual is entitled to benefits.
(e) Other information that is required by the form.
(5) If an employing unit fails to comply with the requirements of subrule (1) of this rule, then the agency shall make a determination of the individual's benefit rights based upon the information that is available.
(6) If an employing unit responds to a request from the agency after the response is due under subrule (1) or (2) of this rule, then the response shall not, in the absence of a showing that the employing unit could not reasonably comply with the due dates of subrule (1) or (2) of this rule; a showing of a false statement, misrepresentation, or nondisclosure of a material fact on the part of the claimant; or a showing of an administrative clerical error, form the basis of a determination or redetermination, as the case may be, of disqualification or ineligibility for any claim period for which benefits have been paid before the receipt by the agency of the response.
(7) If the individual disagrees with the wage information furnished by an employer, then the individual's statement shall be taken on a form designed for a statement and submitted to the employer for verification. The employer shall respond within 10 calendar days from the date of mailing or personal service of the form. The individual shall direct a response, on the form furnished by the agency or on an approved facsimile of the form, to the agency's address shown on the form and shall indicate the amount of wages earned within each calendar week during which the individual worked for the employer during the individual's base period.
(8) In all instances where a notice is submitted by an employing unit indicating the sole reason for ineligibility to be leave of absence or vacation with pay and with respect to which period of time no claim was filed, the branch offices shall, upon receipt and recording of appropriate evidence of reemployment by the employing unit granting the leave or vacation with pay, disregard the form without notification to the interested parties and without the necessity of making a determination with respect to the period of time during which the claimant was on a leave of absence.
(9) As used in this rule, "respond" means that the employing unit shall, within the period specified in this rule from the date of mailing or personal service of the request for information by the agency, forward the information requested to the agency by mail, wire, messenger, fax transmission, or other means permitted

by the agency.
History: 1944 ACS 12; 1944 ACS 26; 1944 ACS 29; 1954 AC; 1954 ACS 13, Eff. Feb. 14, 1958; 1954 ACS 44, Eff. Nov. 14, 1965; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1986 MR 6, Eff. July 11, 1986; 1999 MR 12, Eff. Dec. 20, 1999.

R 421.208 Registering for work.

Rule 208. (1) To comply with the registration requirements of section 28(1)(a) of Act No. 1 of the Public Acts of Extra Session of 1936, as amended, being S421.1 et seq. of the Michigan Compiled law, a claimant shall do both of the following:
(a) Register for work with the state employment office and fully and accurately supply information as to the claimant's past work experience and training and other personal data as may be necessary to assure that the claimant is considered for referral to any available suitable work.
(b) Continue to report to the employment office thereafter registering for work as required to file a claim under R 421.210.
(2) If a claimant indicates on the application for benefits that he or she expects to return to his of her separating or previous employer within 120 days if the state of Michigan unemployment agency finds the claimant to be job-attached or finds that the claimant is and not an appropriate candidate for full employment services, then the claimant's application for benefits shall be used as the claimant's registration for work.
(3) If, in registering for work under subrule (1) of this rule, a claimant indicates that he od she is unwilling to be referred to or notified of work of a character that the cklaimant is qualified to perform because of past experience or training and that is generally similar to work for which the claimant has received wages, then a determination shall be made as to claimant's availability for suitable work.
(4) A laid off individual need not register for work if registering is waived by the state of Michigan unemployment agency upon receiving written notification by the individual's employer that the layoff is temporary and that work is expected to be available within 45 calendar days following the last day the individual worked. A waiver is effective if the notification from the employer has been received by the state of Michigan unemployment agency before the individual has certified for his of her first compensable week following the layoff.
History: 1944 ACS 12; 1944 ACS 26; 1954 AC; 1954 ACS 44, Eff. Nov. 14, 1965; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1998 MR 7, Eff. July 13, 1998.

R 421.209
Source: 1986 AACS.

R 421.210 Unemployment insurance benefit filing requirements; definitions.

Rule 210. (1) An individual shall receive benefits for any week of unemployment for which the individual filed a claim and reported in accordance with this rule and with the direction of the agency and for which the individual is otherwise eligible and qualified for benefits.
(2) As used in this rule:
(a) "Additional claim" means a claim filed by an individual to reestablish eligibility for benefits after an interruption in the claim series during an existing benefit year caused by a period of employment.
(b) "Claim series" means an uninterrupted period of weeks for which an individual claims benefits.
(c) "Continued claim" means a report filed by an individual who has filed a new, additional, or reopened claim and who is certifying as to eligibility for benefits for 1 or more weeks of unemployment.
(d) "Day of work" means a calendar day or portion of a calendar day on which an individual performed services for an employing unit under a contract of hire, including a calendar day or portion of a calendar day for which an individual received, or is entitled to receive, call-in pay. If an individual reports for work on a day on which the individual has been scheduled to work, but does not work because work is not available, then that day is considered a "day of work" for purposes of this rule.
(e) "Good cause for late filing of a new, additional, or reopened claim" and "good cause for late reporting to file a continued claim" means that there is a justifiable reason, determined in accordance with a standard of conduct expected of an individual acting as a reasonable person in the light of all the circumstances, that

prevented a timely filing or reporting to file as required by this rule. Examples of justifiable reasons that the agency may consider as constituting good cause include the following:
(i) Acts of God.
(ii) Working, reliance on a promise of work that did not materialize, or seeking work where there is a reasonable indication that work is available.
(iii) Closing of agency offices, or the failure of the agency's telephonic or electronic equipment, during scheduled hours of operation.
(iv) Delay or interruption in the delivery of mail or the delay or interruption of information by telephonic or other means by a business or governmental agency entrusted with the delivery of mail or of messages by telephonic or other means.
(v) Personal physical incapacity or the physical incapacity or death of a relative or ward of either the individual or the individual's spouse or of any person living in the same household as the individual claiming benefits.
(vi) Attendance at a funeral.
(vii) Incarceration.
(viii) Jury duty.
(f) "New claim" means a claim filed by an individual to establish eligibility for a new benefit year.
(g) "Reopened claim" means a claim filed by an individual to reestablish eligibility for benefits after an interruption in the claim series during an existing benefit year for a reason other than employment that is caused by a period of nonreporting.
(h) "Week of unemployment" means a week during which an individual is unemployed within the meaning of section 48 of Act No. 1 of the Public Acts of the Extra Session of 1936, as amended, being §421.48 of the Michigan Compiled Laws.
(3) An individual shall file a new, additional, or reopened claim or shall report to file a continued claim in person, by mail, by deposit in a designated agency drop box, by telephone, by fax, or by any other means, as directed by the agency. Nothing in this rule shall prevent an individual from filing a new, additional, or reopened claim in person or from reporting to file a continued claim in person.
(4) To be filed on time and effective as of the beginning of the individual's first week of unemployment, a new or additional claim shall be received by the agency, in a manner prescribed by the agency, not later than the seventh calendar day after the end of the week containing the individual's last day of work. A reopened claim is effective as of the beginning of the week in which it is received by the agency.
(5) To be filed on time and effective for each week for which the individual is reporting to file, a continued claim shall be received by the agency, in a manner prescribed by the agency, not later than the seventh calendar day after the end of the last week of the period for which the claimant is instructed to report and has continued to report in a claim series. If a continued claim is not filed in a timely manner in accordance with this subrule, and if the filing is untimely without good cause, then the claim filed by the individual is a reopened claim.
(6) If an individual does not file a new, additional, or reopened claim as prescribed in this rule, but files the new, additional, or reopened claim not later than the fourteenth calendar day after the time limits prescribed in this rule, then the new, additional, or reopened claim is considered filed on time if the claimant has good cause for the lateness of the filing. If the claimant does not have good cause for the lateness of the filing, then the new, additional, or reopened claim is effective beginning with the week in which it is filed.
(7) If an individual does not report to file a continued claim within the time limits prescribed in this rule, but reports to file the continued claim not later than the fourteenth calendar day after the time limits prescribed in this rule, then the individual is considered to have reported on time to file the continued claim if the individual has good cause for the lateness of the reporting to file the continued claim. If the individual does not have good cause for the lateness of the reporting to file the continued claim, then the reporting to file the continued claim is a reopened claim.
(8) If a claim is effective on the first day of a calendar week that begins before the conversion date to a wage record system as prescribed in section 75 of Act No. 1 of the Public Acts of the Extra Session of 1936, as amended, being §421.75 of the Michigan Compiled Laws, but it is determined with respect to that week that the individual was not "unemployed" as defined in section 48 of Act No. 1 of the Public Acts of the Extra Session of 1936, as amended, being §421.48 of the Michigan Compiled Laws, or was ineligible or disqualified

under Act No. 1 of the Public Acts of 1936, as amended, being §421.1 et seq. of the Michigan Compiled Laws, then the individual's claim is invalid for that week and is effective, irrespective of any other provision of this rule, on the first day of the next succeeding calendar week. However, for the individual to receive benefits for the succeeding calendar week, the individual shall be unemployed and otherwise eligible and qualified in the succeeding calendar week.

(9) If an individual files a new, additional, or reopened claim or reports to file a continued claim by mail, then the claim or report is considered received by the agency as of the date the mail is received by the agency.

(10) If an individual files a new, additional, or reopened claim or reports to file a continued claim by deposit in a designated agency drop box, then it will be presumed that the claim was received by the agency on the previous business day if gathered in the first retrieval of the day if this presumption is required for the new, additional, or reopened claim to be considered filed on time or the continued claim to be considered a timely report.

(11) For purposes of this rule, if the last week day of a week is a legal holiday or non-workday for the agency, then the claim will be considered filed on time if it is received by the agency on the next day that is not a Saturday, Sunday, legal holiday, or non-workday for the agency.

History: 1944 AC; 1944 ACS 12; 1944 ACS 26; 1944 ACS 31; 1954 AC; 1954 ACS 44, Eff. Nov. 14, 1965; 1954 ACS 68, Eff. Aug. 2, 1971; 1979 AC; 1979 ACS 2, Eff. Apr. 25, 1980; 1996 MR 8, Eff. Sept. 5, 1996; 1999 MR 12, Eff. Dec. 20, 1999.

R 421.211
Source: 1980 AACS.

R 421.212
Source: 1980 AACS.

R 421.215
Source: 1997 AACS.

R 421.216
Source: 1986 AACS.

R 421.243
Source: 1980 AACS.

R 421.251
Source: 1986 AACS.

R 421.270
Source: 1986 AACS.

R 421.301
Source: 1997 AACS.

R 421.302
Source: 1980 AACS.

SECURITY FOR REIMBURSEMENT FINANCING OF UNEMPLOYMENT INSURANCE COSTS

R 421.601
Source: 1992 AACS.

R 421.602
Source: 1992 AACS.

R 421.603
Source: 1992 AACS.

R 421.604
Source: 1992 AACS.

R 421.605
Source: 1992 AACS.

R 421.606
Source: 1992 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

EMPLOYMENT SECURITY BOARD OF REVIEW

RULES OF PRACTICE

PART 1. GENERAL PROVISIONS

R 421.1104
Source: 1988 AACS.

R 421.1109
Source: 1988 AACS.

R 421.1110
Source: 1988 AACS.

R 421.1111
Source: 1988 AACS.

PART 2. APPEALS TO REFEREES

R 421.1202
Source: 1988 AACS.

R 421.1206
Source: 1988 AACS.

R 421.1207
Source: 1988 AACS.

R 421.1208
Source: 1988 AACS.

R 421.1211
Source: 1988 AACS.

R 421.1212
Source: 1988 AACS.

R 421.1213
Source: 1988 AACS.

R 421.1214
Source: 1988 AACS.

PART 3. APPEALS TO BOARD OF REVIEW

R 421.1302
Source: 1988 AACS.

R 421.1304
Source: 1988 AACS.

R 421.1307
Source: 1988 AACS.

R 421.1309
Source: 1988 AACS.

R 421.1312
Source: 1988 AACS.

R 421.1314
Source: 1988 AACS.

R 421.1315
Source: 1988 AACS.

FAIR EMPLOYMENT PRACTICES COMMISSION

PRACTICE AND PROCEDURE

R 423.301
Source: 1997 AACS.

R 423.302
Source: 1997 AACS.

R 423.303
Source: 1997 AACS.

R 423.304
Source: 1997 AACS.

R 423.305—R 423.317
Source: 1997 AACS.

EMPLOYMENT RELATIONS COMMISSION

GENERAL RULES

PART 8. NOTICE OF PUBLIC SCHOOL STRIKE OR LOCKOUT

R 423.481
Source: 1995 AACS.

R 423.482
Source: 1995 AACS.

R 423.483
Source: 1995 AACS.

R 423.484

Source: 1995 AACS.

ADMINISTRATION OF COMPULSORY ARBITRATION ACT FOR LABOR DISPUTES IN MUNICIPAL POLICE AND FIRE DEPARTMENTS

R 423.501
Source: 1995 AACS.

R 423.502
Source: 1995 AACS.

R 423.503
Source: 1995 AACS.

R 423.504
Source: 1995 AACS.

R 423.505
Source: 1995 AACS.

R 423.506
Source: 1995 AACS.

R 423.507
Source: 1995 AACS.

R 423.508
Source: 1995 AACS.

R 423.509
Source: 1995 AACS.

R 423.510
Source: 1995 AACS.

R 423.511
Source: 1995 AACS.

R 423.512
Source: 1995 AACS.

R 423.513
Source: 1995 AACS.

R 423.514
Source: 1995 AACS.

DEPARTMENT OF AGRICULTURE

RACING COMMISSIONER

GENERAL RULES

R 431.1—R 431.67
Source: 1997 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

ATHLETIC BOARD OF CONTROL

GENERAL RULES

R 431.101—R 431.133
Source: 1997 AACS.

DIRECTOR'S OFFICE

ATHLETICS

R 431.141
Source: 1997 AACS.

R 431.142—R 431.147
Source: 1997 AACS.

DEPARTMENT OF AGRICULTURE

RACING COMMISSIONER

GENERAL RULES

PART 1. GENERAL PROVISIONS

R 431.1001
Source: 1991 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1005
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1010
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1015
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1020
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1025
Source: 1985 AACS.
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R 431.1027
Source: 1985 AACS.
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R 431.1030
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1035
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1045
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1050
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1055
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1060
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1065
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1070
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1075
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1080
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1085
Source: 1985 AACS.
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R 431.1090
Source: 1985 AACS.
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R 431.1095
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1101
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1105
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1110
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R 431.1115
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R 431.1120
Source: 1985 AACS.
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R 431.1125
Source: 1985 AACS.
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R 431.1130
Source: 1985 AACS.
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R 431.1135
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1140
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1145
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R 431.1150
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R 431.1160
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R 431.1165

Source: 1985 AACS.

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R 431.1170

Source: 1985 AACS.

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R 431.1175

Source: 1985 AACS.

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R 431.1180

Source: 1985 AACS.

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R 431.1185

Source: 1985 AACS.

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R 431.1190

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R 431.1195

Source: 1985 AACS.

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R 431.1200

Source: 1985 AACS.

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R 431.1205

Source: 1985 AACS.

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R 431.1210

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R 431.1270
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R 431.1275
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1280
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1285
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1290
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1295
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1301
Source: 1991 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1325
Source: 1991 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1330
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1335
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1340
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.1999
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

PART 2. MUTUELS

R 431.2001
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2005
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2010
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2015
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2020

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2025
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2030
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2035
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2040
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2045
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2050
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2055
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2060
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2065
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2070
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2075
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2080
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2085

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2090

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2095

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2100

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2105

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2110

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2115

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.2120

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

PART 3. THOROUGHBRED RACING

R 431.3001

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3005

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3010

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3015

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3020

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3025
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3030
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3035
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3040
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3045
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3050
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3055
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3060
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3065
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3070
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3075
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3080
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3085
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3090
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3095
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3101
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3105
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3110
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3115
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3120
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3125
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3130
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3135
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3140
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3145
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were

withdrawn and refiled on June 26, 1985.

R 431.3150

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3155

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3160

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3165

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3170

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3175

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3180

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3195

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3201

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3205

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3210

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3215

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3220

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3225
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3230
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3235
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3240
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3245
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3250
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3255
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3260
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3265
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3270
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3275
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3280
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3285
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3290
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3295
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3301
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3305
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.3310
Source: 1989 AACS.

PART 4. HARNESS RACING

R 431.4001
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4005
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4010
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4015
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4020
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4025
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4030
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were

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R 431.4035

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4040

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4045

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R 431.4050

Source: 1985 AACS.

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R 431.4055

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4060

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4065

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4070

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4075

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4080

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4085

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4090

Source: 1985 AACS.

Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4095

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4100
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4105
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4110
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4115
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4120
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4125
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4130
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4135
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4140
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4145
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4150
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4155
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4160
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4165
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4170
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4175
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4180
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4185
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4190
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4195
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4200
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4205
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4210
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4215
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4220
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were

withdrawn and refiled on June 26, 1985.

R 431.4225

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4230

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4235

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4240

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4245

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4250

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4255

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4260

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4265

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4270

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4275

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4280

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4285

Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

R 431.4290
Source: 1985 AACS.
Editor's note: R 431.1001 to R 431.4290 were originally filed on June 20, 1985. The rules were withdrawn and refiled on June 26, 1985.

DEPARTMENT OF TREASURY

BUREAU OF STATE LOTTERY

LOTTERY RULES

PART 1. GENERAL PROVISIONS

R 432.1 Definitions.

Rule 1. (1) As used in these rules:
(a) "Act" means 1972 PA 239, MCL 432.1 et seq.
(b) "Agent" means a person who has been licensed to sell lottery tickets under the act.
(c) "Terminal" means an on-line lottery game terminal.
(d) "Ticket" means a lottery ticket, share, or interest issued by the bureau for sale to the general public.
(2) The terms defined in the act have the same meanings when used in these rules.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1986 MR 5, Eff. June 3, 1986; 1998 MR 11, Eff. Nov. 30, 1998; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.4 License revocation.

Rule 4. (1) A license is evidence of an agency that is revocable at will by either the bureau or the agent. Revocation of the agency is effective 30 days after notice of the revocation has been mailed by the revoking party. On or before the thirtieth day following notice of revocation, an agent shall surrender the license to the bureau.
(2) The bureau may immediately suspend, revoke, or not renew an agent's license for any of the following reasons:
(a) The agent's application for a license contains false or misleading information.
(b) The agent violates any of the provisions of the act, these rules, or instructions and directives of the commissioner or bureau.
(c) The agent's business location is changed.
(d) The agent commits any act that seriously impairs his or her reputation for honesty and integrity.
(e) The agent does not display lottery point of sale material in a manner that can be readily seen by the public or fails to make handout materials readily available to the public.
(f) The agent is delinquent in making required accounting or fails to pay promptly all moneys owed the state.
(g) The agent has been convicted of a crime other than a traffic offense.
(h) The agent has been arrested for bookmaking or other forms of illegal gambling, whether or not convicted of bookmaking or other form of illegal gambling in a court of law.
(i) The agent has been found guilty of any fraud or misrepresentation.
(j) There is reasonable cause to believe that the agent is engaged in fraud, misrepresentation, or illegal gaming.
(k) The agent fails to take reasonable security precautions with regard to the handling of lottery tickets and other materials.
(l) The commissioner finds that the agent's experience, character, and general fitness are such that his or her participation as an agent is inconsistent with the public interest, convenience, and necessity.
(m) Any other reason within the permissible discretion of the commissioner.
(3) The agent shall surrender immediately to the appropriate bureau official his or her agent's license and other lottery materials supplied to him or her by the bureau.

History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1998 MR 11, Eff. Nov. 30, 1998; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.5 License fee.

Rule 5. (1) The commissioner shall determine the fee for a license as an agent. The fee is payable at the time of license issuance. The fee is intended to cover the cost of licensing.
(2) A license renewal fee may be charged annually in an amount determined by the commissioner. The fee is intended to cover the cost of the licensing renewal operation.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.6 Conditions of licensing.

Rule 6. Upon issuance of a license the agent agrees that he or she shall
do all of the following:
(1) Be bound by and comply with the act, these rules, or instructions and directives of the commissioner or bureau.
(2) Make tickets available for sale to the public during normal business hours.
(3) Refrain from purchasing any winning ticket from its original purchaser or from subsequent purchasers.
(4) Maintain authorized displays, notions, drop boxes and other material used in conjunction with sales in accordance with instructions issued by the bureau.
(5) Act in a fiduciary capacity with respect to all tickets accepted from the bureau or its authorized distributors until payment has been made.
(6) Maintain current and accurate records of all operations in conjunction with sales in conformity with rules, instructions and directives of the bureau. The agent shall make the records available to representatives of the bureau upon request for inspection and audit.
(7) Ensure that a person under 18 years of age does not sell tickets, or pay winning tickets.
(h) Ensure that tickets will not be sold at any price greater than the price stated on the ticket.
(i) Hold the bureau and the state harmless from any liability arising in connection with sales.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.7 Nontransferability of license.

Rule 7. A license is not assignable or transferable. The commissioner shall be notified, in writing, not less than 20 days before any proposed business change or substantial change in ownership of the business. A substantial change in ownership under this rule means a transfer of 50% or more of the equity of any business licensed under these rules. If the business to which a license is issued changes its business location, then the owner shall submit an application for a license. An owner shall report every change of business location, in writing, to the commissioner not less than 20 days before the change.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.8 Bonding of agents.

Rule 8. The bureau may require a bond as specified by the commissioner from any agent in an amount the bureau determines will prevent any monetary loss to the state because of an agent's activities in the sale of tickets. The bond is a condition of becoming or continuing as an agent. The bureau may require a financial statement revealing the financial condition of any person or organization seeking to become or continue as an agent.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.12 Stolen tickets.

Rule 12. An agent is responsible for all tickets consigned to him or her. If tickets are stolen, then the agent shall report the theft to the bureau and to local or state police authorities. The agent shall pay for the stolen tickets on the settlement date. The agent shall subsequently file a statement swearing to or affirming, under the penalty of perjury, the facts of the case and ask for a refund in the amount he or she has paid to the bureau for the stolen tickets. He or she shall furnish to the bureau a copy of the police report covering the theft. Following an investigation by the bureau and police authorities, the bureau shall issue a

refund to the agent, if his or her claim is verified. The commissioner shall determine the manner of refund.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.13 Sale; inspection; commission; bonus programs; depositories; tickets held in trust for the benefit of the bureau; disqualification of agent representative; direct ticket distribution to agents.

Rule 13. (1) An agent shall sell tickets only on the premises at the specific location named in the license or attachments to the license.
(2) An agent shall allow inspections of his or her premises at any time upon the reasonable request of authorized inspectors of the bureau. A bureau inspector may make an inspection without prior notice to the agent.
(3) An agent is entitled to a commission for tickets sold by him or her in an amount to be determined by the commissioner. The commissioner shall announce changes in the commission amount not less than 60 days before the effective date and shall include the changes in a directive issued to all agents.
(4) The commissioner shall promulgate details of any bonus program for agents in directives, which shall be distributed to all agents.
(5) An agent shall deposit, in a manner specified by the commissioner for collection by the state, all moneys received by the agent from the sale of tickets, less the amount retained as compensation. The agent shall file with the bureau, or its designated agents, reports of ticket sale receipts and transactions. The bureau shall specify the form of the reports and the information required. In preparing a report, an agent shall refer to directives and instructions to authorized agents made available by the bureau.
(6) Until such time as payment has been received by the bureau, all lottery tickets made available to an agent and any net ticket proceeds, shall be deemed to be held in trust for the benefit of the bureau.
(7) The bureau may disqualify any person authorized by the licensed agent as the agent's representative.
(8) The bureau may distribute tickets directly to agents if, in the commissioner's opinion, it is necessary to maintain continued sales activity.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Dec. 8, 1999.

R 432.14 Rescinded.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; rescinded, 1998 MR 11, Eff. Nov. 30, 1998.

R 432.15 Lottery tickets.

Rule 15. (1) The bureau shall prepare tickets for sale to the public. The commissioner shall determine the price of a ticket and shall announce the price by directives, advertising, and other means calculated to give reasonable notice to the public.
(2) When a lottery ticket is purchased, the purchaser accepts the terms of he lottery ticket contract. Each lottery ticket provides that all ticket transactions and claims are subject to the laws of the state of Michigan, the rules, regulations, all directives of the Michigan lottery, and any subsequent changes. In questions involving ticket validation, the commissioner's determination is final. In cases of dispute for any reason, the commissioner may at his or her sole discretion, replace the disputed ticket with an unplayed ticket of equal value or refund the retail sales price. The commissioner's decision to replace or refund the ticket is the purchaser's exclusive remedy. The rules governing a particular lottery game are set forth in bureau of state lottery directives. The directives govern the terms and conditions of play.
(3) The sale of a valid lottery ticket is final and an agent shall not accept ticket returns.
(4) The agent will be responsible for remitting the balance owed for tickets that are not accounted for by an agent in a manner as directed by the commissioner.
(5) The commissioner shall establish a schedule and procedure for the disposition of unsold tickets.
(6) An agent shall return tickets printed in error or damaged in any way by the bureau to the bureau for credit.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1998 MR 11, Eff. Nov. 30, 1998; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.16 Claiming of prizes.

Rule 16. (1) The commissioner shall designate claim centers for the lottery program and advertise their locations.
(2) The processing of winning tickets shall be in accordance with directives and instructions issued by the commissioner. If a special drawoff is required to determine the exact amount won, then the bureau shall notify the claimant when and where to appear for the drawoff and where to present his or her winning ticket for validation.
(3) A claimant shall enter a claim in the name of a single legal entity as claimant, either 1 individual or 1 organization. A claimant may enter a claim in the name of an organization only if the organization possesses a federal employer's identification number (FEIN) issued by the internal revenue service and the number is shown on the claim form. Groups, family units, organizations or clubs that do not possess a federal employer's identification number shall designate 1 individual in whose name the claim is to be entered.
(4) Mutilated tickets shall be validated only if adequate portions of the ticket remain reasonably intact to ensure the authenticity of the ticket.
(5) A claimant shall fill out a claim form, present the form with the winning ticket, and receive a copy of the claim form as his or her receipt.
(6) Upon validation of a winning ticket, payment of the amount due shall be forwarded to the claimant in accordance with bureau procedures. If a claim is not validated as proper, then the bureau shall deny the claim and promptly notify the claimant.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.17 Ownership of lottery tickets.

Rule 17. (1) The owner of a valid lottery ticket that has been sold by a licensed agent is presumed to be owned by the person or entity whose name is entered on the claim form, notwithstanding that the name of another person or entity may appear on the ticket face or reverse side. Except as provided in subrule (2) of this rule, the bureau shall pay a prize to the person whose name is entered on the claim form or present the prize to a third party who is authorized, in writing, as the claimant's representative. All liability of the bureau, the state, their employees and agents terminates upon payment.
(2) Upon receipt of information supported by proper evidence that another person is entitled to payment, or upon assertion that the ticket was not legally issued initially, the commissioner may withhold payment pending an investigation. If the ownership of a winning lottery ticket is disputed and the results of the commissioner's investigation are inconclusive, then the commissioner may initiate an appropriate judicial proceeding to determine ownership.
(3) The claimant of a lottery prize may not assign or sell his or her right to any prize except as provided for by law. The commissioner shall develop policies, procedures, and fee schedules for the disposition of a claimant's rights to future payments.
(4) The holder of a winning ticket shall claim the prize within 1 year from the drawing date in which the number is entered or from the announced end of sales for an instant game.
History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.18 Payment of prizes.

Rule 18. (1) The bureau shall make payment of prizes as soon as reasonably possible after the claim has been filed, verified, and the claimant identified to the satisfaction of the commissioner.
(2) The commissioner shall establish a schedule for payment of certain major prizes in installments rather than a lump sum.
(3) The bureau shall make payment of prizes by mail, when applicable, to the claimant at the address that the claimant entered on the claim form.
(4) When a drawing or ceremony is conducted, winners shall receive payment in full, or if applicable, the first installment of a prize, at the drawing or ceremony. The bureau shall make payment by state treasurer's warrant, special check, or in any other manner determined by the commissioner in advance of the drawing.
(5) The bureau shall make payment of prizes only to the single claimant in whose name the claim was originally entered. Multiple payees are not permitted. If a claim is erroneously entered with multiple

claimants, then the claimants shall designate 1 of them as the individual recipient of the prize. If the claimants fail to designate an individual recipient, then the bureau may designate any 1 of the claimants as the sole recipient. In either case, the claim shall then be considered as originally entered in the name of the designated individual, and the bureau shall make payment of any prize won only to the designated single individual.

(6) The agents, officers and employees of the state and the bureau are discharged of all liability upon payment of a prize to a claimant.

(7) Upon the death of a prize winner who has not yet collected the full amount of his or her minimum guaranteed prize, the bureau shall continue payment in the manner specified by law. Unless specifically provided for by law, the bureau shall not accelerate payment of prize money before its normal date of payment because of the death of the prize winner. The amount paid will not exceed the minimum prize guarantee as indicated in the game directive.

History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.19 Disposition of funds from sale of tickets.

Rule 19. The commissioner shall specify the frequency of the transfer of net revenue to the beneficiaries specified by law.

History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.20 Drawings.

Rule 20. (1) The commissioner shall detail the types of drawings and drawing procedures in a directive. All drawings shall be conducted in a public place and the selection of winners shall be based on chance. The commissioner shall include any new drawings or changes in drawing procedures in the directives or directive amendments. The commissioner shall make every attempt to keep the public informed of drawing procedures and changes in the procedures.

(2) The bureau shall provide that all drawings to determine the awarding of prizes are open to the public. The bureau shall make the time and place of drawings known to the public in advance to the extent practicable.

(3) The bureau shall disseminate information regarding the time and place of future drawings, the winning numbers in previous drawings, and other information of public interest, including descriptive information regarding current games, to agents, interested parties, and the public through brochures, pamphlets, newsletters, reports, and other means to the extent practicable.

(4) If the number of contestants in a drawing is variable, then the commissioner may limit the number of contestants in any particular drawing for administrative or practical reasons.

History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.22 Rescinded.

History: 1954 ACS 79, Eff. Apr. 2, 1974; 1979 AC; rescinded, 1998 MR 11, Eff. Nov. 30, 1998.

PART 2. ON-LINE TERMINALS

R 432.31 Rescinded.

History: 1986 MR 5, Eff. June 3, 1986; rescinded, 1998 MR 11, Eff. Nov 30, 1998.

R 432.32 Rescinded.

History: 1986 MR 5, Eff. June 3, 1986; rescinded, 1998 MR 11, Eff. Nov 30, 1998.

R 432.33 Rescinded.

History: 1986 MR 5, Eff. June 3, 1986; rescinded, 1998 MR 11, Eff. Nov 30, 1998.

R 432.34 Rescinded.

History: 1986 MR 5, Eff. June 3, 1986; rescinded, 1998 MR 11, Eff. Nov 30, 1998.

R 432.35 Rescinded.
History: 1986 MR 5, Eff. June 3, 1986; rescinded, 1998 MR 11, Eff. Nov 30, 1998.

R 432.36 Agent performance requirements and terms and conditions; disciplinary action; conference.

Rule 36. (1) A licensee does not have a property interest in the license granted or the on-line lottery terminal.
(2) The commissioner shall establish and provide advance written notice of agent performance requirements and specific terms and conditions to assure the efficient and effective functioning of the bureau, maintain the bureau's security and integrity, and assure compliance with the act, these rules, contracts with agents, directives, and other written communications with agents. The performance requirements and terms and conditions include all of the following:
(a) Sales performance requirements, including all of the following:
(i) Excluding changes of ownership, there shall be no sales performance requirements during the agent's first 2 months of operation.
(ii) The minimum period of time over which an agent's sales performance is evaluated to determine compliance with sales performance requirements shall be not less than 3 months.
(iii) The weekly minimum sales performance requirement for total game sales shall not be more than a $4,000.00 weekly average.
(b) Reporting changes in ownership and location.
(c) Continued terminal operation.
(d) In-store location, installation, and operation of a terminal.
(e) Promotion and marketing requirements, including the use of promotional materials.
(f) Requirements for the prompt settlement of funds due the bureau for lottery sales or other fees.
(g) Hours of operation, customer service requirements, claims processing, and redemption of winning tickets.
(h) Attendance at training sessions.
(i) Compliance with federal, state, and local laws, rules, and regulations.
(j) Prohibiting participation as an agent for other lotteries.
(k) Requirements necessary to assure compliance with the act and these rules and to assure the security, integrity, and efficient and effective operation of the bureau.
(3) Violation of the performance requirements or terms and conditions shall result in disciplinary action depending on the nature and severity of the violation. Disciplinary action may include any, or a combination of any, of the following:
(a) Counseling.
(b) Suspension of selling privileges.
(c) Probation.
(d) On-line terminal deactivation.
(e) License revocation.
(4) If the severity of a violation warrants license revocation, then the agent may request a conference with the commissioner or his or her designee. At the informal conference, the commissioner shall review the alleged violation with the agent. The agent shall have the opportunity to refute the alleged violation or to explain the reasons for the violation. After the conference, the commissioner may decide to do any of the following:
(a) Continue the disciplinary action.
(b) Modify or suspend the disciplinary action.
(c) Revoke the agent's license without benefit of further consideration.
History: 1986 MR 5, Eff. June 3, 1986; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.37 Fees.

Rule 37. (1) The commissioner shall establish fees for all of the following:
(a) The processing of applications.
(b) Communications system installation or relocation.

(c) Failure to meet sales performance requirements.
(d) Failure of an agent to promptly settle for any game as required by bureau rules, contracts, directives, or written communications.
(e) Inactive license status.
(2) The commissioner shall establish fees based upon the following provisions:
(a) The amount of the application fee shall be based upon the actual bureau costs of licensing.
(b) The amount of the communications system installation or relocation fee shall be based upon the average cost to the bureau for all installations for the previous fiscal year.
(c) The amount of the fee for failure of an agent to promptly settle for a game shall be based upon actual costs to the bureau, except that the fee shall not be less than $50.00.
(d) Agents whose average weekly game sales fall below the minimum sales performance requirements established under R 432.36 may be assessed a weekly low sales performance fee. The commissioner shall determine the amount of the fee assessed for failure to meet minimum sales performance requirements under the provisions of R 432.36.
(e) The amount of the fee for an inactive license fee shall be based on actual costs to the bureau.
History: 1986 MR 5, Eff. June 3, 1986; 1999 MR 11, Eff. Dec. 8, 1999.

R 432.38
Source: 1986 AACS.

BINGO RULES

R 432.101
Source: 1984 AACS.

R 432.103
Source: 1984 AACS.

R 432.104
Source: 1984 AACS.

R 432.106
Source: 1980 AACS.

R 432.107
Source: 1984 AACS.

R 432.108
Source: 1984 AACS.

R 432.109
Source: 1984 AACS.

R 432.110
Source: 1984 AACS.

R 432.111
Source: 1984 AACS.

R 432.112
Source: 1984 AACS.

R 432.113
Source: 1984 AACS.

R 432.114
Source: 1984 AACS.

R 432.115
Source: 1984 AACS.

R 432.116
Source: 1984 AACS.

R 432.117
Source: 1984 AACS.

R 432.118
Source: 1984 AACS.

MILLIONAIRE PARTY RULES

R 432.201
Source: 1984 AACS.

R 432.203
Source: 1984 AACS.

R 432.204
Source: 1984 AACS.

R 432.205
Source: 1984 AACS.

R 432.206
Source: 1984 AACS.

R 432.207
Source: 1984 AACS.

R 432.208
Source: 1984 AACS.

R 432.209
Source: 1984 AACS.

R 432.210
Source: 1984 AACS.

R 432.211
Source: 1984 AACS.

R 432.212
Source: 1984 AACS.

R 432.212a
Source: 1984 AACS.

R 432.214
Source: 1984 AACS.

R 432.216
Source: 1984 AACS.

CHARITY GAMES

R 432.301
Source: 1983 AACS.

R 432.302
Source: 1983 AACS.

R 432.303
Source: 1983 AACS.

R 432.304
Source: 1983 AACS.

R 432.305
Source: 1983 AACS.

R 432.306
Source: 1983 AACS.

R 432.307
Source: 1983 AACS.

R 432.308
Source: 1983 AACS.

R 432.309
Source: 1983 AACS.

R 432.310
Source: 1983 AACS.

R 432.311
Source: 1983 AACS.

R 432.312
Source: 1983 AACS.

R 432.313
Source: 1983 AACS.

CRANE GAMES

R 432.401 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.402 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.403 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.404 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.405 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.406 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.407 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.408 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

R 432.409 Rescinded.
History: 1991 MR 1, Eff. Jan. 24, 1991; rescinded 2000 MR 6. Eff. May 30, 2000.

DEPARTMENT OF STATE

BUREAU OF ELECTIONS

CASINO INTEREST REGISTRATION

(By authority conferred on the secretary of state by section 7 of Act No. 75 of the Public Acts of 1997 and section 33 of Act No. 306 of the Public Acts of 1969, as amended, being §§432.277 and 24.233 of the Michigan Compiled Laws)

R 432.1001 Definitions.
Rule 1. (1) As used in these rules, "act" means Act No. 74 of the Public Acts of 1997, being S432.271 et seq. of the Michigan Compiled Laws.
(2) Terms defined in the act have the same meaning when used in these rules.
(3) As used in the act, "managerial employee" means a person who is employed in the operation of a licensed casino and is designated as a managerial employee by the Michigan gaming control board.
History: 1999 MR 4, Eff. May 10, 1999.

R 432.1002 Registrations; format; amendments; terminations.
Rule 2. (1) A person who is required by the act to file a registration shall file the registration in a format prescribed or previously approved by the department. A person shall file an attachment to a registration in the same format as the registration.
(2) A person who makes entries or statements on a registration that is filed in a paper format shall print legibly in ink or type the entries or statements.
(3) A person filing a registration shall complete each item of information requested by the department or shall clearly note that the item of information is not applicable. A person shall not leave an item blank. The department shall not accept or consider as filed a registration that is not complete.
(4) A person shall file an amended registration if any information required in a registration is changed. A person shall submit an amended registration in a format prescribed or previously approved by the department. An amended registration shall identify the date on which each change occurred.
(5) A person shall file a notice of termination or a registration in a format prescribed or previously approved by the department.
History: 1999 MR 4, Eff. May 10, 1999.

R 432.1003 Sworn complaints.
Rule 3. (1) A person who believes a violation of the act or these rules has occurred may, in person or by mail, file a notarized sworn complaint with the secretary of state.

(2) A person shall type, print, or handwrite in ink a complaint and shall include the complaintant's name, address, and telephone number. A complaint shall name the alleged violator, set forth the alleged violator's address, describe the alleged violation in reasonable detail, and identify all known evidentiary material.
(3) A complaint shall include the following verification statement: "I certify that the statements set forth above are true to the best of my knowledge, information, and belief." A complaintant shall sign a complaint immediately following the verification statement and shall swear to the complaint before a notary public.
(4) Upon receipt of a sworn complaint, the secretary of state shall determine whether the complaint is complete. If the complaint is complete, then the secretary of state shall forward it to the attorney general and shall notify the complaintant and the Michigan gaming control board that it has been forwarded. If the complaint is not complete, then the secretary of state shall return it to the complaintant with a written explanation of how it is incomplete.
History: 1999 MR 4, Eff. May 10, 1999.

DEPARTMENT OF TREASURY

MICHIGAN GAMING CONTROL BOARD

CASINO GAMING

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

PART 1. DEFINITIONS

R 432.1101 Definitions; A to C.

Rule 101. As used in these rules:
(a) "Act" means Initiated Law of 1996, being § 432.201 et seq. of the Michigan Compiled Laws, and known as the Michigan gaming control and revenue act.
(b) "Application" means all materials and information comprising the applicant's request for a casino license, supplier's license, or occupational license submitted by the applicant to the board, including, but not limited to, the instructions, forms, and other documents required by the board for purposes of application for a license under the act and these rules.
(c) "Associated equipment" means any of the following:
(i) Any equipment which is a mechanical, electromechanical, or electronic contrivance, component, or machine and which is used indirectly or directly in connection with gaming.
(ii) Any equipment that would not otherwise be classified as a gaming device, including, but not limited to, links, modems, and dedicated telecommunication lines, that connects to progressive electronic gaming devices.
(iii) Computerized systems that monitor electronic gaming devices, table games, and other gambling games approved by the board.
(iv) Equipment that affects the proper reporting of gross receipts.
(v) Devices for weighing and counting money.
(vi) Any other equipment that the board determines requires approval as associated equipment to protect the integrity of gaming and ensure compliance with the act and these rules.
(d) "Attributed interest" means any direct or indirect interest in a business entity deemed by the board to be held by an individual through holdings of the individual's immediate family or other persons and not through the individual's actual holdings.
(e) "Bill changer" means an electromechanical device attached either on or into an electronic gaming device for the purpose of dispensing an amount of tokens or credits equal to the amount of cash or cash equivalency inserted into the bill changer. The bill changer shall accept and analyze the legitimacy of United States or

foreign currency accepted by the bill changer. If a credit is issued, then the player shall have the option of taking the entire amount of credits in tokens or utilizing any portion of the registered credits to activate the electronic gaming devices as a wager.
(f) "Board" means the Michigan gaming control board.
(g) "Board casino premises office" means dedicated office space in a casino which is for the exclusive use of the board for performing any of its functions and which is separate from, and does not include, the board surveillance room.
(h) "Board surveillance room" means dedicated office space in each casino for the exclusive use of the board for the monitoring and recording of gaming or any other activities.
(i) "Cash" means United States currency and coin or foreign currency and coin that has been exchanged for its equivalent United States currency and coin value.
(j) "Cash equivalent" means an asset that is readily convertible to cash, including, but not limited to, any of the following:
(i) Travelers checks.
(ii) Certified checks, cashier's checks, and money orders.
(iii) Personal checks or drafts.
(iv) Credit extended by the casino licensee, a recognized credit card company, or banking institution.
(v) Any other instrument that the board deems a cash equivalent.
Other than recognized credit cards or credit extended by the casino licensee, all instruments that constitute a cash equivalent shall be made payable to the casino licensee, bearer, or cash. If an instrument is made payable to a third party, then the instrument shall not be deemed a cash equivalent.
(k) "Casino central computer system" means 1 or more computer systems which are approved by the board and which meet all of the following requirements:
(i) Are connected to all electronic gaming devices in the casino to record and contemporaneously monitor the play and cash flow and security of each electronic gaming device.
(ii) Are capable of monitoring the activities of the live gaming devices, including, but not limited to, any of the following or their equivalents:
(A) Table fills.
(B) Table credits.
(C) Table gaming receipts, disbursements, and revenues.
(iii) Are capable of tracking the activities of the live gaming devices, including, but not limited to, the following or their equivalents:
(A) Table game inventories.
(B) Employee gratuity receipt and disbursement accounting.
(iv) Are capable of monitoring the activities of the main bank and all cages, including, but not limited to, the following or their equivalents:
(A) Manual payouts.
(B) Hopper credits and hopper fills.
(C) Table credits and fills.
(v) Are capable of tracking the activities of the main bank and all cages, including, but not limited to, the following or their equivalents:
(A) Receipt and record of hard and soft count.
(B) Record of gaming receipts, disbursements and revenues.
(C) Cashier checkout.
(D) Main bank and cage inventory.
(E) Deposits.
(F) Cash transaction reports.
(G) Patron credit.
(vi) Are capable of monitoring the casino licensee's casino accounting package.
(vii) Are linked by dedicated telecommunication lines to board-designated computer terminals located in board offices on and off the casino premises. The terminals shall be able to access, receive, and display the information required and prescribed by the board.

(l) "Casino license" means a license issued by the board to a person to own or operate a casino in Michigan under the act.
(m) "Casino operations" means operations of a casino or a casino enterprise other than gambling operations, including, but not limited to, the purveying of food, beverages, retail goods and services, and transportation.
(n) "Casino surveillance room" means a room or rooms at each casino for monitoring and recording casino operations and gambling operations by the casino licensee.
(o) "Certificate of suitability" means a written document issued by the board certifying that an applicant has been chosen for licensure if the applicant meets all of the following:
(i) The conditions of a certified development agreement with a city.
(ii) The conditions set forth by the board in the certificate of suitability and the requirements of the act and these rules.
(p) "Chip" means a representation of value redeemable for cash only at the issuing casino and issued by a casino licensee for use in gaming, other than in electronic gaming devices.
(q) "Complaint form" means the form, prescribed by the board, that a patron shall complete and submit to file a patron complaint.
(r) "Contest" means a gambling game which is offered and sponsored by a gambling operation in which patrons of the gambling operation are assessed an entry fee to play the game or games and in which winning patrons receive a portion of or all of the entry fees that may be increased with cash and noncash prizes from the gambling operation.
(s) "Counterfeit chips or tokens" means chip-like or token-like objects that have not been approved under these rules, including objects commonly referred to as slugs, but not including legal coins of the United States or any other nation.
(t) "Count room" means the room or rooms designated for the counting, wrapping, and recording of a casino licensee's gaming receipts. History: 1998 MR 6, Eff. June 24, 1998.

R 432.1102 Definitions; D to F.

Rule 102. As used in these rules:
(a) "Debt instrument" means any of the following:
(i) Bond.
(ii) Loan.
(iii) Mortgage.
(iv) Trust.
(v) Deed, when committed in any form as collateral.
(vi) Note.
(vii) Debenture.
(viii) Subordination.
(ix) Guaranty.
(x) Letter of credit.
(xi) Security agreement.
(xii) Pledge.
(xiii) Chattel mortgage.
(xiv) Other form of indebtedness.
(b) "Debt transaction" means a transaction in which a person that has applied for or holds a casino license or holding company or affiliate that has control of the applicant or holder of the casino license, acquires debt, including, but not limited to, bank financing, private debt offerings, or any other transaction that results in a change of encumbrance of more than 1% in capitalization or debt-to-equity ratio of the licensee, applicant, holding company, or affiliate of the applicant or holder of the casino license.
(c) "Dependent" means any individual who received over ½ of his or her support in a calendar year from any other individual.
(d) "Drop" means the total amount of tokens removed from the drop bucket of an electronic gaming device, the currency removed from the bill changers, and the dollar amount of the currency, coins, chips, tokens, or credits removed from the live gaming devices. If a patron is utilizing an electronic card, then the drop includes the amount deducted from a patron's account as a result of electronic gaming device play.

(e) "Drop box" means the box attached to a live gaming device table that is used to collect, but is not limited to, any of the following items:
(i) Currency.
(ii) Coin.
(iii) Chips.
(iv) Cash equivalents.
(v) Damaged chips.
(vi) Documents verifying the extension of credit.
(vii) Request for fill and credit forms.
(viii) Fill and credit slips.
(ix) Error notification slips.
(x) Table inventory forms.
(xi) All other forms used by the casino licensee and deposited in the drop box as part of the audit trail.
(f) "Drop bucket" means the container in the locked portion of an electronic gaming device or the cabinet of an electronic gaming device that is used to collect the tokens retained by the electronic gaming device which are not used to make automatic payments from the electronic gaming device and which are subject to authorized removal.
(g) "Drop meter" means an electronic or mechanical device or devices, or both that automatically and continuously count the number of tokens dropped into an electronic gaming device's drop bucket.
(h) "Electronic card" means a card purchased from, or provided by, a casino licensee for use at the licensee's casino as a substitute for tokens for the conduct of gaming on an electronic gaming device.
(i) "Electronic credit" means a value owed to a patron on an electronic gaming device.
(j) "Electronic gaming device" means an electromechanical device, or electrical device or machine which, upon payment of consideration, is available to play or operate as a gambling game. The operation of the device or machine, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or operating the device to receive any of the following, whether the payoff is made automatically from the machines or in any other manner:
(i) Premiums.
(ii) Merchandise.
(iii) Tokens.
(iv) Redeemable game credits.
(v) Anything of value other than unredeemable free games.
(k) "Electronic gaming device drop" means the total value of tokens contained in the drop bucket and the currency collected from bill changers. If a patron is utilizing an electronic card, then the drop includes the amount deducted from a patron's account as a result of electronic gaming device play.
(l) "Electronic gaming device win" means the electronic gaming device drop minus hand-paid jackpots, minus hopper fills, plus hopper credits.
(m) "Enhanced payout" means a gambling game offered and sponsored by a gambling operation in which gaming patrons participate in a gambling game or an approved variation of a gambling game and thereby qualify for receiving, upon a specified outcome in the gambling game or the occurrence of a specified event, a payment or thing of value approved by the board in excess of published payouts contained in the internal control system approved by the board or as displayed on the electronic gaming device.
(n) "EPROM" means erasable, programmable, read only memory.
(o) "Excluded person" means a person whose name appears on an exclusion list of any jurisdiction, or a person whose name does not appear on an exclusion list, but who is excluded or ejected as a result of meeting 1 or more of the exclusion criteria specified in these rules.
(p) "Exclusion list" means a list or lists that contain identities of persons who are to be excluded or ejected from any gambling operation in any jurisdiction.
(q) "FIN" means a federal identification number.
(r) "Felony" means a criminal offense for which a sentence of imprisonment for more than 1 year may be imposed under the laws of any jurisdiction.
(s) "Financial statement" means any of the following:

(i) Balance sheet.
(ii) Income statement.
(iii) Profit and loss statement.
(iv) Statement of cash flow.
(v) Sources and uses of funds statement.
(t) "Front money" means a deposit of value made by a patron at the cage.
History: 1998 MR 6, Eff. June 24, 1998

R 432.1103 Definitions; G to I.

Rule 103. As used in these rules:
(a) "Gaming area" means the room or rooms in a casino in which gaming is conducted.
(b) "Gaming equipment or supplies" means a machine, mechanism, device, or implement that affects the result of a gambling game by determining a win or loss, including, without limitation, any of the following:
(i) Electronic gaming devices.
(ii) Software.
(iii) Cards.
(iv) Dice.
Lay outs for live table games and any representatives of value, including, without limitation, chips, tokens, or electronic debit cards and related hardware and software do not affect the result of a game, but are gaming equipment and supplies.
(c) "Gaming operations manager" means a person who has the ultimate responsibility to manage, direct, or administer the conduct of the gambling operation in a casino licensed under the act and these rules.
(d) "Give-away" means a gambling game where patron entry to the game may be determined by attendance in a casino or by either accumulation of points or credits or the attainment of a certain outcome on an electronic gaming device.
(e) "Hand" means either 1 game in a series, 1 deal in a card game, or the cards held by a player.
(f) "Hearing officer" means the board member or the administrative hearing officer designated by the chairperson to conduct or assist the board in the conduct of a hearing on any matter within the jurisdiction of the board.
(g) "Holding company" means any person, other than an individual, that meets the following criteria:
(i) Directly or indirectly owns, has the power or right to vote or control, or holds with the power to vote more than 5% of the stock, equity interest, or other voting security of a person that holds, or has applied for, a casino license or a supplier's license.
(ii) Directly or indirectly holds, or substantially owns, any power, right, or security through any interest in a subsidiary or successive subsidiaries, regardless of how many subsidiaries may intervene between the holding company and the holder or applicant for, or holder of, a casino license or a supplier's license.
(h) "Immediate family" means any of the following, whether by whole or half blood, marriage, adoption, or effect of law:
(i) Spouse, other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance.
(ii) Parent.
(iii) Child.
(iv) Dependent.
(v) Sibling.
(vi) Spouse of sibling.
(vii) Father-in-law.
(viii) Mother-in-law.
(i) "Inappropriate token-in" means a token that has been accepted by an electronic gaming device after the electronic gaming device has already accepted the maximum number of tokens or when the electronic gaming device is in a state that normally rejects additional tokens.
(j) "Indirect interest" means an interest, claim, right, legal share, or other financial stake in a person that is deemed by the board to exist by virtue of a financial or other interest in another person.
(k) "Individual" means any natural person.

(l) "Interim compliance period" means the period of time between the issuance of a certificate of suitability and the issuance of a casino license or the issuance of a notice of denial.
(m) "Intermediary company" means any corporation, firm, partnership, trust, limited liability company, or other form of business entity that meets the following criteria:
(i) Is a holding company of a person that has applied for or holds a casino license or a supplier license.
(ii) Is a subsidiary of any holding company of a person that has applied for or holds a casino license or supplier license.
(n) "Internal control system" means the internal procedures, administration, and accounting controls designed by the casino licensee for the purpose of exercising control over the gambling operation and its assets.
(o) "Irrevocable letter of credit" means an engagement by a banking institution which is issued, held, and negotiated under the publication entitled "Uniform Custom and Practice for Documentary Credits," 1993 revision, international chamber of commerce publication no. 500, at the request of a casino licensee, and under which the banking institution will honor demands for payment upon compliance with the conditions specified until the expiration date on the letter of credit.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1104 Definitions; J to L.

Rule 104. As used in these rules:
(a) "Junket" means an arrangement to induce persons who are selected or approved for participation on the basis of their ability to satisfy a financial qualification obligation related to their ability or willingness to come to a licensed casino for the purpose of gambling and who receive as consideration all or part of the cost of transportation, food, lodging, or entertainment directly or indirectly paid by a casino licensee or agent.
(b) "Junket representative" means a person, other than a casino licensee or casino license applicant, who receives payment for the referral, procurement, or selection of persons who may participate in a junket to a licensed casino in Michigan, based upon the person's actual or calculated potential to wager or lose, regardless of whether the activities of the junket representative occur within the state of Michigan.
(c) "Key person" means any of the following entities:
(i) An officer, director, trustee, partner, or proprietor of a person that has applied for or holds a casino license or supplier license or an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license.
(ii) A person that holds a combined direct, indirect, or attributed debt or equity interest of more than 5% in a person that has applied for or holds a casino license or supplier license.
(iii) A person that holds a combined direct, indirect, or attributed equity interest of more than 5% in a person that has a controlling interest in a person that has applied for or holds a casino license or supplier license.
(iv) A managerial employee of a person that has applied for or holds a casino license or supplier license in Michigan, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license in Michigan, who performs the function of principal executive officer, principal operating officer, principal accounting officer, or an equivalent officer.
(v) A managerial employee of a person that has applied for or holds a casino license or supplier license, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds a casino license or supplier license, who will perform or performs the function of gaming operations manager, or will exercise or exercises management, supervisory, or policy-making authority over the proposed or existing gambling operation, casino operation, or supplier business operations in Michigan and who is not otherwise subject to occupational licensing in Michigan. An institutional investor shall not be considered a key person unless it has a controlling interest or fails to meet the standards of section 6c(1) of the act for waiver of eligibility and suitability requirements for qualification and licensure under the act and these rules.
(d) "Licensee" means a person who holds a license under the act.
(e) "Live game" means a gambling game which does not involve an electronic gaming device and which is played with a live gaming device.

(f) "Live gaming device" means any nonelectrical or non-electromechanical apparatus used to gamble upon, including, but not limited to, any of the following:
(i) Roulette wheel and table.
(ii) Blackjack table.
(iii) Craps table.
(iv) Poker table.
Nothing in these rules prohibits the use of electronic progressive or bonusing equipment in conjunction with play on a live gaming device. Nothing in these rules prohibits electronic equipment used to monitor or assist in the conduct of a live game.
History: 1998 MR 8, Eff. June 24, 1998.

R 432.1105 Definitions; M to O.

Rule 105. As used in these rules:
(a) "Main bank" means the casino department that is responsible for at least all of the following:
(i) Cashing customer checks.
(ii) Establishing hold check privileges.
(iii) Redeeming chips or tokens, or both.
(iv) Providing working funds to all operational departments.
(v) Deposits of front money.
(vi) Maintaining custody of all inventory.
(vii) Processing markers.
(viii) Assuming responsibility for all of the following individuals and physical structures:
(A) Casino cashiers.
(B) Change attendants.
(C) Main bank vault or vaults.
(D) Any other structure that houses tokens, chips, or other representatives of value that the main bank is accountable for.
(b) "Marker" means an electronic or written document that evidences an extension of credit to a patron by the casino licensee, including any writing taken in consolidation, redemption, or payment of a previous marker.
(c) "Michigan taxpayer identification number" means the number assigned to businesses registered with the department.
(d) "Multigames" means an electronic gaming device that offers a menu of more than 1 gambling game to the player.
(e) "Nominee" means a person that holds, as owner of record, the legal title to tangible or intangible personal or real property, including, without limitation, any of the following:
(i) A stock.
(ii) A bond debenture.
(iii) A note.
(iv) An investment contract.
(v) Real estate.
on behalf of another person. A nominee is designated and authorized to act on behalf of another person with respect to the property.
(f) "Nonvalue chip" means a chip which is clearly and permanently impressed, engraved, or imprinted with the name of the casino licensee, but which does not bear a value designation.
(g) "One-on-one continuous surveillance" means that a licensed surveillance employee is dedicated to continuously monitor a given area without interruption or distraction as prescribed by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1106 Definitions; P to R.

Rule 106. As used in these rules:
(a) "Par sheet" means a document which is provided by the electronic gaming device manufacturer and which depicts all of the following:

(i) The possible outcomes from the play of an electronic gaming device.
(ii) The probability of occurrence of the outcomes.
(iii) The contribution of each winning outcome to the payback percentage of the electronic gaming device.
(b) "Patron complaint" means a complaint a patron has regarding winnings and losses or the conduct of gambling at a casino.
(c) "Payout" means the winnings that result from a wager.
(d) "Petitioner" means any of the following:
(i) A person whose license application has been denied by the board.
(ii) A person whose license has not been renewed.
(iii) A person whose request for transfer of ownership has been denied.
(iv) A person who has been placed on the exclusion list.
(v) A person whose request has been otherwise denied by the board and who has the right to appeal the denial under the act or these rules.
(e) "Picture identification" means a driver license or other piece of identification which is issued by a governmental entity and which has a picture of the individual affixed to, or otherwise part of, the document.
(f) "Pit" means the area enclosed or encircled by the arrangement of the gaming tables in which casino gambling personnel administer and supervise the live games played at the tables by patrons located outside the perimeter of the area.
(g) "Predecessor company" means an entity which no longer exists in its original form, but which has assets that have been acquired, in substantial part, by another person or which has undergone certain internal changes, such as a change in identity, form, or capital structure.
(h) "Progressive controller" means the hardware and software that controls all communication among the electronic gaming devices or live gaming devices within a progressive electronic gaming device link or a progressive live gaming device link and its associated progressive meter.
(i) "Progressive jackpot" means a value determined by application of an approved formula to the income of independent, local, or interlinked electronic gaming devices or live gaming devices.
(j) "Public offering" means a sale of securities that is subject to the registration requirements of section 5 of the securities act of 1933, 15 U.S.C. § 77e, or that is exempt from the registration requirements solely by reason of an exemption contained in either of the following provisions:
(i) Section 3(a)(10), 3(a)(11), or 3(c) of the securities act of 1933, 15 U.S.C. § 77c(a)(10), 15 U.S.C. § 77c(a)(11), or 15 U.S.C. § 77c(c).
(ii) Regulation A or regulation D adopted under section 3(b) of the securities act of 1933, 15 U.S.C. § 77c(b).
(k) "Public official" means a person to whom any of the following provisions apply:
(i) The person is authorized to perform an official function on behalf of, and is paid by a state, local, or federal governmental entity in Michigan or any other jurisdiction.
(ii) The person is elected or appointed to office to discharge a public duty for a state, local, or federal governmental entity in Michigan or any other jurisdiction.
(iii) The person is appointed in writing by a public official to act in an advisory capacity, with or without compensation, to a state, local, or federal governmental entity in Michigan or any other jurisdiction concerning a contract or purchase to be made by the entity.
"Public official" does not include a person who is appointed to an honorary advisory or honorary military position.
(l) "Publicly held company" or "publicly traded corporation" means any of the following:
(i) A person, other than an individual, to which either of the following provisions applies:
(A) The person has 1 or more classes of voting securities registered under section 12 of the securities exchange act of 1934, 15 U.S.C. § 78l.
(B) The person issues securities and is subject to section 15(d) of the securities exchange act of 1934, 15 U.S.C. § 78o(d).
Either term also means another person, other than an individual, required to file under the securities and exchange act of 1934, 15 U.S.C. § 78a et seq.
(ii) A person, other than an individual, created under the laws of a foreign country to which both of the following provisions apply:

(A) The person has 1 or more classes of voting securities registered on the foreign country's securities exchange or over-the-counter market.
(B) The board has determined that the person's activities are regulated in a manner that protects the investors and Michigan.
Either term includes any person, other than an individual, that has securities registered or is an issuer under this definition solely because it guaranteed a security issued by an affiliate under a public offering and is considered by the securities and exchange commission to be a co-issuer of a public offering of securities under rule 140 of the securities and exchange act of 1934, 15 U.S.C. § 78.
(iii) A person, other than an individual, that has shares which are traded on an established securities market or traded on a secondary market.
(m) "RAM" or "random access memory" means the electronic component used for computer work space and storage of volatile information in an electronic gaming device.
(n) "Randomness" means the unpredictability and absence of pattern in the outcome of an event or sequence of events.
(o) "Random number generator" means hardware, software, or a combination of hardware and software devices for generating number values that exhibit the characteristics of randomness.
(p) "Registered agent" means an individual designated to accept service of legal process on behalf of another person.
(q) "Related party" means 1 of the following:
(i) An individual or business entity that has a pecuniary interest in a casino licensee, a casino license applicant, or an affiliate thereof, if the casino licensee, casino license applicant, or affiliate is not a publicly held company.
(ii) A holder of more than 5% of the outstanding shares of a casino licensee, a casino license applicant, or an affiliate thereof, if the casino licensee, casino license applicant, or affiliate is a publicly held company.
(iii) A key person of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.
(iv) An affiliate of a casino licensee or a casino license applicant.
(v) An immediate family member of a holder of more than 5% of the outstanding shares of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.
(vi) A relative of a key person of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.
(vii) A relative of an affiliate of a casino licensee or a casino license applicant.
(viii) A trust for the benefit of, or managed, by a casino licensee, a casino license applicant, or an affiliate or a key person of a casino licensee or a casino license applicant.
(ix) Any other person who is able to significantly influence the management or operating policies of a casino licensee, a casino license applicant, or an affiliate of a casino licensee or a casino license applicant.
(x) An institutional investor that has a controlling interest in a person that has applied for or holds a casino license or supplier license or that fails to meet the standards set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure under the act and these rules. An institutional investor shall not be considered to be a related party unless it fails to meet the standard set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure.
(r) "Related party transactions" means transactions between a casino licensee or a casino license applicant and at least 1 of the following:
(i) A related party.
(ii) An immediate family member.
(iii) A dependent.
(s) "Relative" means any of the following entities whether by whole or half blood, marriage, adoption, or natural relationship:
(i) Spouse, other than a spouse who is legally separated from the individual under a decree of divorce or separate maintenance.
(ii) Parent.
(iii) Grandparent.
(iv) Child.

(v) Grandchild.
(vi) Sibling.
(vii) Uncle.
(viii) Aunt.
(ix) Nephew.
(x) Niece.
(xi) First cousin.
(xii) Father-in-law.
(xiii) Mother-in-law.
(xiv) Son-in-law.
(xv) Daughter-in-law.
(xvi) Brother-in-law.
(xvii) Sister-in-law.
(xviii) Dependent.
(t) "Respondent" means a person against whom a seizure, forfeiture, or disciplinary action has been initiated.
(u) "ROM" or "read only memory" means the electronic component used for storage of nonvolatile information in an electronic gaming device, including programmable ROM and erasable programmable ROM.
(v) "Runs test" means a mathematical statistic that determines the existence of recurring patterns within a set of data. History: 1998 MR 6, Eff. June 24, 1998.

R 432.1107 Definitions; S to U.

Rule 107. As used in these rules:
(a) "Sensitive keys" means keys that either casino management or the board considers sensitive to the casino licensee's operation and therefore require strict control over custody and issuance in accordance with the licensee's approved internal controls.
(b) "Slot machine" means a type of electronic gaming device.
(c) "Slug" means a disk or object which is not issued by the casino licensee and which does not have a cash value.
(d) "Sole proprietor" means an individual who owns 100% of the assets and who is principally liable for the debts of a business, regardless of whether another person guarantees payment of such debts.
(e) "Standard chi-squared analysis" means the sum of the squares of the difference between the expected result and the observed result.
(f) "Subsidiary" means a person, other than an individual, including, without limitation, a firm, partnership, trust, limited liability company, or other form of business organization in which an equity interest is owned, subject to a power or right of control, or held with the power to vote directly, indirectly, or in conjunction with a holding company or intermediary company.
(g) "Substantial creditor" means the holder of a debt instrument against a person which is secured or unsecured, matured or unmatured, liquidated or unliquidated, absolute, fixed, or contingent, and which has an aggregate amount of $100,000.00 or more.
(h) "Substantial owner" means the holder of any of the following:
(i) More than 5% of the total combined voting power of a corporation or more than 5% of the total value of shares of all classes of stock of a corporation.
(ii) More than a 5% interest in a partnership.
(iii) More than 5% of the value of a trust computed actuarially.
(iv) More than 5% of the legal or beneficial interest in any other person.
For purposes of computing the percentages in this subdivision, a holder shall be deemed to own any stock or other interest in a person, whether owned directly, indirectly, or attributed. The term "substantial owner" shall not include an institutional investor, unless the institutional investor has more than a 5% interest in the applicant or licensee and fails to meet the standards set forth in section 6c(1) of the act for waiver of the eligibility and suitability requirements for licensure under the act and these rules.
(i) "Supplier" means a person who the board has identified under rules promulgated by the board as requiring a license to provide casino licensees or casino enterprises with goods or services regarding the

realty, construction, maintenance, or business of a proposed or existing casino, casino enterprise, or related facility, including, but not limited to any of the following:
(i) Junket enterprises.
(ii) Security businesses.
(iii) Manufacturers of gaming devices or equipment.
(iv) Distributors.
(v) Persons who service gaming devices or equipment.
(vi) Garbage haulers.
(vii) Maintenance companies.
(viii) Food purveyors.
(ix) Construction companies.
(j) "Surety bond" means a contractual arrangement between the surety, the principal, and the obligee that the surety agrees to protect the obligee if the principal defaults in performing the principal's contractual obligation. The bond is the instrument that binds the surety.
(k) "Suspected problem area" means an area where unusual occurrences have been observed or good reason exists to believe unusual occurrences will occur.
(l) "Table drop" means the total dollar amount of United States and foreign currency, chips, marker or credit contained in the drop box of a live gaming device.
(m) "Table win" means the dollar amount which is won by the casino licensee through play at a live game and which is the total of the table drop, plus ending chip inventory, minus opening chip inventory, plus chip credits, minus fills.
(n) "Theoretical payout percentage" means the sum of the number of cash equivalents, credits, or tokens expected to be paid as a result of the jackpots divided by the number of different possible outcomes.
(o) "Tilt condition" means a programmed error state for an electronic gaming device that occurs when the electronic gaming device detects an internal error malfunction or attempted cheating. The electronic gaming device ceases processing further input, output, or display information other than that indicating the tilt condition itself.
(p) "Token" means a representation of value which is redeemable for cash only at the issuing casino gambling operation and which is issued and sold by a casino licensee for use in the electronic gaming devices at its gambling operation.
History: 1998 MR 6, Eff. June 24, 1998

R 432.1108 Definitions; V to Z.

Rule 108. As used in these rules:
(a) "Value chip" means a chip that is clearly and permanently impressed, engraved, or imprinted with the name of the casino and the specific value of the chip.
(b) "Voting security" means a security that the holder is entitled to vote generally for the election of a member or members of the board of directors or board of trustees of a corporation or a comparable person or persons in the case of a partnership, trust, or another form of business organization other than a corporation.
(c) "Wager" means an item that is representative of value risked on a gambling game authorized under the act and these rules.
(d) "Wide-area progressive system" means a system of electronic gaming devices which are approved by the board and which are linked across telecommunication lines as part of a network connecting separate casino locations licensed by the board with an aggregate prize or prizes.
History: 1998 MR 6, Eff. June 24, 1998

R 432.1109 Terms defined in act.

Rule 109. Terms defined in the act have the same meaning when used in these rules.
History: 1998 MR 6, Eff. June 24, 1998.

PART 2. GENERAL PROVISIONS

R 432.1201 Rules of construction.

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

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

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

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

R 432.1202 Severability.

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

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

R 432.1203 Records retention.

Rule 203. (1) Each casino licensee or supplier licensee shall maintain, in a place secure from theft, loss, or destruction, adequate records of its business and accounting operations. A casino licensee or supplier licensee shall make the records available to the board, upon request, within a reasonable time period prescribed by a subpoena duces tecum or by written request of the board, the executive director, or his or her designee. A casino licensee or supplier licensee shall hold the records for not less than 5 years. The records shall include, but not be limited to, all of the following:

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

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

(c) A personnel file on each employee.

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

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

(a) Forms.

(b) Reports.

(c) Accounting records.

(d) Ledgers.

(e) Subsidiary records.

(f) Computer generated data.

(g) Internal audit records.

(h) Correspondence.

(i) Personnel records.

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

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

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

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

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

Rule 204. Unless otherwise permitted or required, a person shall submit all forms, fees, documents, papers, and other materials to the board's principal office in Ingham County, Michigan, in the manner and form prescribed by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1205 Scope of board approval.

Rule 205. An action of the board regarding an applicant or licensee relates only to the applicant's or licensee's qualification for licensure under the act and these rules and does not indicate or suggest that the board has considered or passed on the qualifications or application of the applicant or licensee for any other purpose.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1206 Duty to disclose changes in information.

Rule 206. (1) Except as otherwise provided in these rules, if an obligation has been placed upon a licensee to report or submit information to the board, the reporting or submission may be accomplished by providing the information to an employee of the board or a member of the Michigan state police assigned to assist the board.
(2) A licensee or an applicant for a license has a continuing duty to disclose promptly any material changes in information provided to the board as soon as the applicant or licensee becomes aware of the change. The duty to disclose changes in information continues throughout any period of licensure granted by the board. A licensee or applicant shall make sure that all required release of information forms submitted to the board are current.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1207 Applicant or licensee disclosure of representatives.

Rule 207. (1) An applicant or licensee shall file, with the board, a list of persons authorized to act on the applicant's or licensee's behalf as to any matter before the board. An attorney appearing on behalf of an applicant or licensee in a matter before the board shall promptly file an appearance identifying his or her client and the matter in which the attorney will appear.
(2) A person holding or applying for a casino license or supplier license shall establish and identify a registered agent within Michigan for the purpose of accepting service of process, notices, and other forms of communication for the person holding or applying for a casino license or supplier license.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1208 Casino licensee and supplier licensee duty to investigate job applicants.

Rule 208. A casino licensee or supplier licensee shall conduct a reasonable investigation of the background of employees whose duties are related to, or involved in, the conduct of gambling operations in Michigan to reasonably ensure that the employee is eligible and suitable for the employment under the licensing standards and other requirements of the act and these rules. A casino licensee or supplier licensee shall keep and maintain written records of investigations for all employees. A casino licensee or supplier licensee shall make the written records available to the board, upon request, within a reasonable time period prescribed by the board. Licensure by the board may not be relied on by the licensee as the sole criterion for hiring a job applicant.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1209 Investigative hearings.

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

(2) The board may require an applicant, a licensee, or a key person or employee of an applicant or licensee to testify or to produce any documents, records, or other materials at a proceeding conducted under this rule.
(3) The board, through its executive director or his or her designee, may issue subpoenas for the production of persons, documents, or other items at a proceeding conducted under this rule.
(4) All testimony at proceedings conducted under this rule shall be given under oath or affirmation administered by a board member, hearing officer, or the executive director or a person designated by the executive director.
History: 1998 MR 6, Eff. June 24, 1998.

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

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

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

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

Rule 211. An applicant for, or holder of, a casino license or supplier license may not enter into or perform any contract or transaction in connection with gambling operations or casino operations related to the casino license or supplier license for which application has been made or which the licensee holds unless the applicant or licensee transfers or receives consideration that is commercially reasonable.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1212 Weapons in casino.

Rule 212. (1) An individual may not carry a firearm or other weapon in a casino, except for the following entities:
(a) State, county, city, township, or village law enforcement officers, as defined in section 2(e) of Act No. 203 of the Public Acts of 1965, as amended, being § 28.601 et seq. of the Michigan Compiled Laws.
(b) Federal law enforcement officers, as defined in 5 U.S.C. § 8331.
(c) Armored car personnel picking up or delivering currency at secured areas.
(2) Law enforcement officers conducting official duties within a casino shall, to the extent practicable, advise the Michigan state police gaming section of their presence.
(3) Private casino security personnel may carry handcuffs while on duty in a casino.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1213 Board procedure.

Rule 213. Except as otherwise provided in these rules, the act, or other statute, the board shall determine its practices and internal rules of procedure.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1214 Authority of executive director; authority.

Rule 214. The board delegates to its executive director all power and authority to act in the name of the board with respect to all reasonable, necessary, and appropriate actions to administer and carry out the administrative and executive functions of the board, including, but not limited to, the power to do any of the following:
(a) Execute and enter into contracts on behalf of the board.
(b) Incur reasonable and necessary expenses in the name of the board in the manner provided by law.
(c) Take and hold property on behalf of the board.

(d) Hire and fire employees of the board.
(e) Issue subpoenas for the attendance of witnesses.
(f) Administer oaths.
(g) Issue and renew temporary occupational and supplier licenses under these rules.
(h) Request and accept documents, plans, procedures, amendments to procedures, and other information necessary for the board to carry out its duties under the act and these rules.
(i) Conduct investigations, inspections, audits, share information with law enforcement agencies and the city; and engage in other functions necessary to the proper administration and enforcement of the act and these rules.
(j) Grant requests and waivers, answer inquiries, issue interpretations, and otherwise take any action that is reasonably requested by applicants, licensees, and holders of certificates of suitability in furtherance of, and consistent with, the efficient administration and enforcement of the provisions of the act and these rules, as determined to be necessary or appropriate by the executive director.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1215 Contracts; purchasing system.

Rule 215. The casino licensee or casino license applicant shall maintain a central repository of all of its contracts at its casino that relate to its Michigan casino or gambling operations. The board, executive director, employees of the board, the state police, or attorney general shall be allowed unrestricted access to the repository and any contract or transaction entered into by a casino licensee or casino license applicant upon demand. The licensee or applicant may be required by the board to promptly submit copies of any contract upon written request of the board, the executive director, an employee of the board, the Michigan state police, or attorney general.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1216 Contract requirements.

Rule 216. A contract or transaction entered into by a casino licensee or a casino license applicant that is more than $50,000.00 shall be a written contract.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1217 Normal purchasing transactions.

Rule 217. (1) A casino licensee or casino license applicant shall submit, for approval by the board, an internal control procedure regarding purchasing transactions.
(2) The internal control procedure shall include a statement of policy regarding ethical standards and compliance with state and federal laws. The statement shall prohibit purchasing and contracting personnel from accepting gifts and gratuities from suppliers of goods or services, except in accordance with a written policy submitted with the internal control procedures.
(3) The internal control procedures submitted shall include, but not be limited to, all of the following information:
(a) The manner in which purchase requisitions will be issued.
(b) The amounts that can be authorized by various positions or level of personnel.
(c) Requirements for the competitive bidding process, including the number of bids required.
(d) Procedures for issuing and approving blanket purchase orders.
(e) Procedures and approval regarding emergency purchases.
(f) Criteria for qualifying approved vendors of goods or services based on such factors as the following:
(i) Quality of the product or service to be provided.
(ii) Suitability of the vendor of the goods or services.
(iii) Price.
(iv) Any other criteria the board deems necessary to ensure compliance with the act and this rule.
(g) Documentation that goods or services acquired were obtained on the basis of a price that is commercially reasonable considering the criteria set forth in subdivision (f) of this rule.
(h) Procedures and approval process for the acquisition of goods or services that are unique and not easily acquired through the normal competitive bid process.

(i) Procedures to ensure that vendor files maintained by the casino licensee or casino license applicant contain all forms, documentation, and approvals required by the internal control procedures.
(j) A prohibition against the purchase or lease of gaming equipment or supplies from other than a supplier that is licensed under the act.
(k) Procedures for the approval of contracts or transactions in an amount that is more than $50,000.00.
(l) The minimum dollar amount of contracts or transactions with 1 vendor in a 12-month period that require approval by the licensee's authorized representative. The amount shall not be more than $150,000.00.
(m) A written policy regarding the acceptance of gifts or gratuities by purchasing and contracting personnel from suppliers of goods or services.
(n) Any other internal control procedure the board deems necessary to ensure compliance with the act and these rules and prevent money laundering, kickbacks and other unlawful or commercially unreasonable transactions.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1218 Related party contracts or transactions.

Rule 218. (1) Unless otherwise directed by the board, the internal control procedures for disclosure and approval of related party contracts or transactions do not apply to any of the following transactions:
(a) Transactions between a casino licensee or a casino license applicant and a supplier licensee.
(b) The payment of dividends or other distributions to shareholders.
(c) Scheduled repayments of related party debt.
(2) A related party transaction shall be in compliance with the internal control procedures set forth in these rules and both of the following provisions:
(a) A related party transaction or series of related transactions reasonably anticipated to be greater than $250,000.00 in a 12-month period shall be subject to approval by the board of directors, the owner, or a designee of equivalent level.
(b) A reputable and independent organization which is knowledgeable in the area of related party transactions or contracts and which is approved by the board shall provide a written favorable fairness opinion for all related party contracts, transactions, or series of transactions expected to be more than $5,000,000.00, unless otherwise directed by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1219 Duty of reasonable care.

Rule 219. A casino licensee, casino license applicant, supplier license applicant or supplier licensee shall exercise reasonable care to ensure that each contract or transaction the licensee or license applicant enters into meets the requirements of the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1220 Board reports.

Rule 220. (1) The casino licensee or casino license applicant shall, on a quarterly basis, file a summary of all contracts and nonwagering transactions which involve an amount of more than $250,000.00 or which are reasonably anticipated to be more than $250,000.00 in a 12-month period. The quarterly reports shall be due on the fifteenth day of April, July, October, and January. The reports shall be compiled in the manner, and on the form, prescribed by the board and shall include all of the following information:
(a) The name, business address, and business telephone number of the party with whom the casino licensee or casino license applicant entered a contract and whether or not the party is or was a related party.
(b) The amount of the transaction or payments under the contract.
(c) The date of execution.
(d) The nature of the contract or transaction, including the type of goods or services to be provided.
(e) A determination of how the commercial reasonableness of the contract, transaction, and consideration for related goods or services was ascertained.
(f) A statement certifying that all contracts and transactions summarized in the quarterly report are in compliance with this rule. The certification statement shall be signed by the general manager, or equivalent, of the casino licensee or casino license applicant.

(g) Any other information the board deems necessary to ensure compliance with the act or these rules.
(2) The quarterly report shall contain the information set forth in subrule (1) of this rule with respect to any oral contracts or transactions that involve an amount more than $25,000.00 in a 12-month period.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1221 Mandatory contract notification.

Rule 221. (1) A casino licensee or person making application for a casino license shall notify the board, in writing, as soon as practicable, after entering into a contract, transaction, or series of transactions in an amount which is more than $500,000.00 or which is reasonably anticipated to be more than $500,000.00 in any 12-month period. The written notice of a contract shall be on forms prescribed by the board and shall contain, at a minimum, the information in R 432.1220.
(2) The board may direct a licensee or applicant to cancel any contract or transaction that the board determines does not comply with the act and this part. A contract entered into by a casino licensee or casino license applicant shall contain a provision permitting the casino licensee or casino license applicant to terminate the contract if the board determines that the contract does not comply with the act or these rules.
(3) A casino licensee or casino license applicant shall include a contract described in this rule in the quarterly and annual reports submitted under R 432.1220.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1222 Confidential records.

Rule 222. Materials, or portions of materials, submitted under the act or these rules may be identified as confidential by a licensee, an applicant for a license, or any other person. If the materials are exempt from disclosure by statute, the materials shall not be disclosed by the board, except to other jurisdictions or law enforcement agencies as provided in the act.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1223 Waiver of requirements.

Rule 223. The board may, in writing, waive, restrict, or alter any requirement or procedure set forth in these rules, if the board determines that the requirement or procedure is impractical or burdensome, that the waiver, restriction, or alteration is in the best interest of the public and the gaming industry, and that the waiver, restriction, or alteration is not outside the technical requirements necessary to serve the purpose of the requirement or procedure.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 224. A person who holds or applies for a casino license or supplier license shall provide an immediate oral report, followed by a written report, of suspected criminal activity related to the person's proposed or existing gambling operation or casino operation or supplier operations in Michigan. The person shall provide the reports to the Michigan state police, gaming section, as soon as practicable after the person becomes aware of the activity. Additionally, a person who applies for or holds a casino license or supplier license shall provide written notice to the board at the time the person becomes aware of any of the following:
(a) A violation or apparent violation of the act or these rules by any of the following entities:
(i) A person who applies for or holds a casino license or supplier license.
(ii) A key person, an employee of a person applying for or holding a casino license or supplier license, or a key person of a holding company or affiliate that is in control of a key person, an employee of a person applying for or holding a casino license or supplier license.
(iii) A person who acts, or is authorized to act, on behalf of or in furtherance of the interests of the casino license or supplier license applicant or licensee, or a holding company or affiliate that is in control of the applicant or licensee.
(b) The initiation of any investigation that could, or any action that does, result in the imposition of any civil, criminal, or administrative sanction or penalty upon a person who applies for or holds a casino license or supplier license.

(c) To the extent known, the initiation of any investigation that could, or any action that does, result in the imposition of any civil, criminal, or administrative sanction or penalty upon a person who applies for or holds an occupational license.
(d) The filing of any criminal, civil, or administrative complaint against a holding company or affiliate that has control of the applicant or holder of a casino license or supplier license that relates to the eligibility and suitability of the applicant or licensee to hold a casino license or supplier license in Michigan under the act and these rules.
(e) The receipt of a subpoena that requires testimony by the person applying for or holding the casino license or supplier license, or by a key person, holding company or affiliate in control of the person applying for or holding the casino license or supplier license, that relates to the gambling or casino operations or business practices of the applicant or licensee in Michigan or any other jurisdiction.
(f) When a person who applies for or holds a casino license or supplier license has filed, or has been served with, a complaint or other notice filed with a public body regarding a delinquency in the payment of, or a dispute over the filings concerning the payment of, a tax required under federal, state, or local law, including all of the following information:
(i) The tax amount.
(ii) Type of tax.
(iii) The taxing agency.
(iv) The time periods involved.
(g) A bankruptcy, receivership, or debt adjustment initiated by or against the person applying for or holding a casino license or supplier license or an officer, director, holding company, or an affiliate that is in control of the person applying for or holding a casino license or supplier license.
(h) A compliance review conducted by the internal revenue service in accordance with title 31 of the United States Code, 31 U.S.C. § 5311 et seq.,relating to the person applying for or holding the casino license or supplier license, an officer, a director, a holding company, or an affiliate that is in control of the person applying for or holding the casino license or supplier license. The person applying for or holding the casino license or supplier license shall provide the board with a copy of the compliance review report or its equivalent within 10 days of the receipt of the report.
(i) A suspicious activity report or a casino suspicious activity report, or both. Copies of the reports shall also be filed with the Michigan state police gaming section and the board at the time the reports are filed with the federal government.
(j) A material violation of board-approved internal control procedures related to security or to the transfer, collection, distribution, or accounting of monies and a statement of the corrective action taken by the casino licensee with respect to the violations.
(k) A material violation of applicable city ordinances or of an agreement with a governmental authority in Michigan.
(l) Another action, occurrence, or nonoccurrence for which the board has instructed the person applying for or holding a casino license or supplier license to provide notice.
History: 1998 MR 6. Eff. June 24, 1998.

R 432.1225 Licensee duty to disclose violation of licenses.

Rule 225. A person who holds or applies for a license shall immediately notify the board, in writing, if the person becomes aware that a casino, supplier, or occupational licensee is in violation of the act or these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1226 Applicant's obligation to report certain events.

Rule 226. An applicant for a license shall provide a written notice to the board under the same circumstances that a licensee is required to provide notice, except to the extent that the board may waive the requirements.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1227 Contents of notice and supplementation requirement.

Rule 227. The written notices required under the act and these rules shall provide the detail that is reasonably required to describe the reported event and shall be supplemented at the times, and in the detail, that the board requests.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1228 Effect of representation; service.

Rule 228. A person represented before the board by an attorney or representative under this rule shall be bound by the acts or omissions of the attorney or representative to the same extent as if the person had acted or failed to act personally.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1229 Restricted transactions.

Rule 229. (1) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly give, convey, transfer, or enter into a contract to convey or transfer, a direct or indirect interest in the applicant, licensee, or casino enterprise to any of the following entities during his or her board membership or employment and for a period of 4 years after the date that his or her board membership or employment terminates:
(a) A member of the board.
(b) The executive director of the board.
(c) A supervisory employee of the board.
(d) An immediate family member of any of the entities listed in subdivisions (a) to
(c) of this subrule.
(e) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control an individual board member or board decisions by reason of business, financial, personal, or social association or relationship.
(2) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, a casino enterprise, or a labor organization registered by the board or a board representative, shall not knowingly employ, or enter into a contract for goods or services with, any of the following entities during his or her board membership or casino-related employment and for a period of 4 years after the date that his or her board membership or casino-related employment terminates:
(a) An employee of the attorney general's casino control division.
(b) A Michigan state police gaming section command officer.
(c) A member of the board.
(d) The executive director or a supervisory employee of the board.
(e) An immediate family member of any of the entities listed in subdivisions (a) to (d) of this subrule.
(f) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control any of the entities listed in subdivisions (a) to (d) of this subrule by reason of business, financial, personal, or social association or relationship.
(3) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly give, convey, transfer, or enter into a contract to convey or transfer, a direct or indirect interest in the licensee, applicant, or casino enterprise to a nonsupervisory employee of the board, any immediate family member of a nonsupervisory employee of the board during his or her board employment and for a period of 2 years after the date his or her board employment terminates, or any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control a nonsupervisory employee by reason of business, financial, personal, or social association or relationship.
(4) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, a casino enterprise, or a labor organization registered by the board or representative of the board shall not knowingly employ, or enter into a contract for goods or services with, any of the following entities during his or her board or casino-related state police employment and for a period of 2 years after the date that his or her board or casino-related state police employment terminates:
(a) An employee of the Michigan state police gaming section.
(b) A nonsupervisory employee of the board.

(c) An immediate family member of either of the entities listed in subdivisions (a) and (b) of this subrule.
(d) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control entities listed in subdivisions
(a) and (b) of this subrule by reason of business, financial, personal, or social association or relationship.
(5) A person may not apply for or be granted a license under the act if any of the following entities has any direct or indirect interest in the person and the person knows of the interest:
(a) A current member of the board.
(b) The current executive director of the board.
(c) A board employee.
(d) An employee of the state police assigned to the state police gaming section.
(e) An employee of the attorney general assigned to the attorney general's casino control division.
(f) An immediate family member of any of the entities listed in subdivisions (a) to
(e) of this subrule.
(g) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions
(a) to (e) of this subrule by reason of business, financial, personal, or social association or relationship.
(6) A person may not apply for or be granted a license under the act if any of the following entities has a financial interest or a direct or indirect pecuniary or ownership interest in the person and less than 4 years has passed since the date on which the board membership or employment of the former member, executive director, or supervisory employee terminated and the person knows of the interest:
(a) A former member of the board.
(b) A former executive director or supervisory employee of the board.
(c) An immediate family member of any of the following entities listed in subdivisions (a) and (b) of this subrule.
(d) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) or (b) of this subrule by reason of business, financial, personal, or social association or relationship.
(7) A person may not apply for or be granted a license under the act if any of the following entities has a direct or indirect interest in the person and less than 2 years has passed since the former employee's employment terminated and the person knows of the interest:
(a) A former nonsupervisory employee of the board.
(b) A former state police employee formerly assigned to the state police gaming section.
(c) A former employee of the attorney general formerly assigned to the attorney general's casino control division.
(d) An immediate family member of any of the entities listed in subdivisions (a) to (c) of this subrule.
(e) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions (a) to (c) of this subrule by reason of business, financial, personal, or social association or relationship.
(8) A former member or employee of the board may appear before the board as a fact witness about actions by the member or employee during his or her tenure as a member or employee of the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.
(9) A licensee, applicant, or an affiliate, key person, or representative of a licensee, applicant, or a casino enterprise shall not knowingly employ, or enter into any contract for goods or services with, a state, local, or federal law enforcement officer.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1230 Restrictions on gift-giving.

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

(b) The executive director of the board.
(c) An employee of the board.
(d) An employee of the state police assigned to the state police gaming section.
(e) An employee of the attorney general assigned to the attorney general's casino control division.
(f) An immediate family member of any of the entities listed in subdivisions (a) to
(e) of this subrule.
(g) Any other person whom the board determines is, or was in the past 4 years, able to significantly affect, influence, or control the entities listed in subdivisions
(a) to (e) of this subrule by reason of business, financial, personal, or social association or relationship.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1231 Restrictions on casino licensee interest in supplier licensee.

Rule 231. A person applying for or holding a casino license shall not own an interest of more than 10% in a supplier licensed under the act or these rules. This rule does not prohibit a person who has applied for or holds a casino license from entering into an agreement for the management of its gambling operations or casino operations with a key person of the applicant or licensee.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 232. (1) At the option of the executive director of the board, the executive director or his or her designee may review, at the premises of the custodian of the information, any information that the act, these rules, the executive director, or his or her designee requires from any of the following entities:
(a) A license applicant.
(b) A licensee.
(c) An affiliate of a license applicant or licensee.
(d) A person who holds more than a 1% direct or indirect interest in an applicant or licensee.
(2) If information is reviewed at the premises of the custodian of the information then the license applicant or licensee shall, as soon as practicable, reimburse the board for all incremental expenses incurred in performing the review at the premises of the custodian of the information, including travel, food, and lodging. Reimbursement shall be exclusive of all other fees required under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

PART 3. LICENSES

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

Rule 301. (1) An application for a license under the act and these rules is a request by the applicant seeking a revocable privilege. A license will be granted by the board if the applicant meets the licensing requirements of the act and these rules.
(2) An applicant for a license under the act and these rules shall, at all times, have the burden of demonstrating to the board, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable to be granted and retain the license for which application is made under the applicable licensing standards and requirements of the act and these rules.
(3) A license or certificate of suitability issued by the board under the act or these rules is a revocable privilege granted by the board. A person who holds a license or certificate of suitability does not acquire, and shall not be deemed to acquire, a vested property right or other right, in the license or certificate.
(4) An applicant or licensee shall accept any risk of adverse publicity, public notice, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with, or as a result of, the application and licensing process or the public disclosure of information submitted to the board with a license application or at the board's request under the act and these rules.

(5) An applicant or licensee may claim any privilege afforded by the Constitution or laws of the United States or of the state of Michigan in refusing to answer questions or provide information requested by the board. However, a claim of privilege with respect to any testimony or evidence pertaining to the eligibility, qualifications, or suitability of an applicant or licensee to be granted or hold a license under the act and these rules may constitute cause for denial, suspension, revocation or restriction of the license.
(6) An applicant and licensee shall have a continuing duty to do all of the following:
(a) Notify the board of a material change in the information submitted in the license application submitted by the applicant or licensee or a change in circumstance, that may render the applicant or licensee ineligible, unqualified, or unsuitable to hold the license under the licensing standards and requirements of the act and these rules.
(b) Maintain the applicant's or licensee's eligibility, qualifications, and suitability to be issued and hold the license held or applied for under the act and these rules.
(c) Provide any information requested by the board relating to licensing or regulation; cooperate with the board in investigations, hearings, and enforcement and disciplinary actions; and comply with all conditions, restrictions, requirements, orders, and rulings of the board in accordance with the act and these rules.
(7) An applicant, licensee or person required to be qualified as part of an application for the issuance of, or a request for renewal of, a license shall authorize and consent, in writing, that fingerprints provided to the board for purposes of identification, qualification, licensing, or license renewal may be forwarded to the Michigan state police and retained by the Michigan state police for any lawful investigative and identification purposes, including, without limitation, background investigation related to determining qualification and licensure. The Michigan state police shall retain and use fingerprints that it receives from the board for lawful investigative and identification purposes.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1302 Classification of licenses.

Rule 302. The board may classify an activity to be licensed in addition to, different from, or at a different level than, the following license classifications:
(a) Casino license. An owner or operator of a casino gambling operation is required to hold a casino license.
(b) Supplier license. The following persons are required to hold a supplier license:
(i) Persons who supply equipment, goods, or services to a casino licensee or casino license applicant that are directly related to or affect gambling operations authorized and regulated under the act and these rules.
(ii) All other suppliers or purveyors of nongaming-related goods or services to a casino gambling operation or casino enterprise regarding the realty, construction, maintenance, or business of a proposed or existing casino or casino enterprise on a regular or continuing basis, including, but not limited to, all of the following entities:
(A) Garbage haulers.
(B) Maintenance companies.
(C) Food and beverage purveyors.
(D) Laundry and linen suppliers.
(E) Construction companies.
(F) Other suppliers described in these rules.
(c) Occupational license. An individual who is employed by a casino licensee, casino enterprise, or a supplier licensee whose work duties are directly related to, or involved in, the gambling operation or performed in a restricted area of a casino or in the gaming area of the casino, or who is a gaming operations manager, general manager, department manager, or an equivalent, shall hold a valid occupational license that is the level required for his or her position before the individual may perform any of the duties of his or her position. There are 3 different classes of occupational license, as follows:
(i) Occupational license, level 1.
(ii) Occupational license, level 2.
(iii) Occupational license, level 3.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1303 Fees, fines, charges, and assessments.

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

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

(a) Casino license: $50,000.00.

(b) Supplier license, as follows:

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

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

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

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

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

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

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

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

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

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

(a) Casino license:	$ 25,000.00.
(b) Supplier license:	$ 5,000.00.
(c) Occupational license, level 1:	$ 250.00.
(d) Occupational license, level 2:	$ 100.00.
(e) Occupational license, level 3:	$ 50.00.

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

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

Rule 304. (1) A casino license or supplier license shall not be issued or renewed by the board unless the individual qualifications of every person required by the act and these rules to qualify, as part of the

application or request for the issuance or renewal of the license, shall have first been determined by the board eligible, qualified, and suitable in accordance with the relevant licensing standards set forth in the act and these rules.
(2) The following persons shall be required to qualify as part of the application for the issuance, or request for renewal, of a casino license or supplier license:
(a) If the person who makes application for a casino license or supplier license is a person whose stock, equity interest, or ownership interest is publicly traded and regulated by the securities and exchange commission, each of the applicant's key persons.
(b) If the person who makes application for a casino license or supplier license is not a person whose stock is publicly traded and regulated by the securities and exchange commission, each of the applicant's key persons and each person, other than a publicly traded corporation and its 5% or less shareholders, that has a combined direct, indirect, or attributed interest of 1% or more in the applicant.
(c) A person who is required to apply for a casino license or supplier license under the act and these rules.
(d) A person who is included in the term "applicant" as defined by the act, except for a managerial employee who is not a key person.
(3) The board may at any time require a person that applies for or holds a casino license or supplier license to establish the qualifications of any other affiliate, investor, creditor, employee, agent, or representative of the applicant or licensee or any other person that is connected, related, or associated with the applicant whom the board determines must be qualified under the act and these rules.
(4) A person required to qualify as part of the application or request for issuance or renewal of a casino license or supplier license shall complete and file, with the board, an application or annual renewal report and required disclosure forms in the manner and form prescribed by the board.
(5) A person that applies for or holds a casino or supplier license shall ensure that all persons who are required by the act and these rules to establish their qualifications as part of the applicant's application for the issuance, or the licensee's maintenance or renewal, of the casino license or supplier license have filed, with the board, all required applications, reports, and disclosure forms in the manner and form prescribed by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1305 Casino licensing procedures.

Rule 305. Except to the extent the board may require different or additional procedures, an applicant for a casino license shall be subject to all of the following procedures before licensing:
(a) Application.
(b) Background investigation by the board.
(c) Public investigative hearing.
(d) Action and decision by the board on the application.
(e) Issuance of a certificate of suitability.
(f) Interim compliance period.
(g) Issuance of a casino license.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1306 Casino license application.

Rule 306. (1) A person applying for a casino license and a person required to be qualified as part of the application shall complete and submit an application and disclosure form or forms in the manner and form prescribed by the board. An applicant shall make the application and disclosure form or forms under oath on forms provided by the board. The application and disclosure form or forms shall contain all information required by the board.
(2) The casino license application procedures are as follows:
(a) Upon application, an applicant shall assume and accept, in writing, under oath, all risk of adverse publicity, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with the application process or the public disclosure of information submitted with the application and disclosure form or forms.

(b) Upon application, an applicant shall also expressly waive and give up, in writing, under oath, all claims for damages that may result from the application and licensing process.
(c) Upon application, an applicant shall also consent, in writing, under oath, to being subject to the inspections, investigations, audits, searches, and seizures under section 4a(1)(c)(i) to (v) of the act for the duration of the casino license for which application is made.
(d) Upon applying for, or while holding, a casino license under the act and these rules, an applicant or licensee shall also authorize and consent, in writing, under oath, to release and disclose, to the board and its authorized representatives and agents, all otherwise confidential records that the board requests that are in the possession or control of the applicant or a third party, including, without limitation, tax records, financial records, business records or other records pertaining to the applicant or licensee held by a federal, state, or local governmental agency or by a credit bureau or financial institution. The applicant and licensee shall also authorize and consent, in writing, under oath, to board disclosure in accordance with section 4(c)(5) of the act.
(e) The board shall conduct a background investigation on an applicant. The board shall also use the information provided in the application and disclosure form or forms as a basis for a background investigation, which the board shall conduct on each applicant, and to evaluate and determine the eligibility, qualifications, and suitability of the applicant to receive the casino license under the licensing standards and criteria provided in the act and these rules. A misrepresentation or omission in the application is cause for the denial, suspension, restriction, or revocation of a casino license by the board.
(f) An applicant shall provide the name, address, and telephone number of a representative to act as a liaison to the board and to Michigan state police background investigators. The applicant shall facilitate, assist, and cooperate with the board and the state police in their conduct of background investigations of the applicant under the act and these rules.
(g) The board shall not issue or renew a casino license unless the applicant and each person required to be qualified as part of the application for issuance or request for renewal of the license has completed and filed, with the board, all required applications, license renewal forms, and disclosure forms in the manner and form prescribed by the board and provides all information, documentation, assurances, waivers and releases required by the act and these rules.
(h) An applicant shall file required application forms before the expiration of deadlines established and published by the board.
(i) An applicant is under a continuing duty to disclose any material or substantive changes in the information or documentation provided in or with the application, renewal, and disclosure forms submitted to the board.
(j) A person applying for a casino license shall request an amendment to its application if it knows or should have known that there has been a change in any of the following:
(i) The applicant's key persons or the key persons of its holding companies or affiliates that have control of the applicant.
(ii) Type of business organization or entity.
(iii) An adverse change of more than 2 percentage points in capitalization or debt to equity ratio.
(iv) Investors or debt holders, or both.
(v) The source of funds.
A publicly traded corporation shall be considered to have complied with this subdivision if it has complied with the reporting requirements in R 432.1406.
(k) A casino license application may be withdrawn upon written notice to the board before board action on the application if all background investigation costs of the board have been paid in full by the applicant.
(l) If a casino license application is withdrawn, then the person who made the application for the license may not reapply for a casino license within 1 year from the date the withdrawal was granted unless the board grants leave to reapply at an earlier date.
(m) The board may allow information, documents, or other materials submitted by an applicant in a withdrawn application to be incorporated by reference into a subsequent application.
(3) The casino license application shall require the person applying for the license, and each person required to be qualified as part of the application, to submit all of the following information and documentation on forms prescribed by the board:

(a) The information and documentation specified in section 5(1) to (5) of the act for the applicant and for each person required to be qualified as part of the applicant's application under the act and these rules.
(b) Disclosure forms, in the manner and form prescribed by the board, for the applicant and each person required to be qualified as part of the applicant's application under the act and these rules. The forms shall contain the information, documentation, assurances, waivers and releases prescribed in the act and these rules.
(c) The name, address, and telephone number of the applicant's primary contact person and registered agent authorized to accept notices, subpoenas, summons, and other legal documents from the board on behalf of the applicant.
(d) The names, addresses, phone numbers, dates of birth, social security numbers, fingerprints, photographs, and other personal, business, and financial background information relating to the identification, character, reputation, integrity, business probity, ability and experience, financial means, experience, responsibility, and record of law abidance of all of the following persons to the extent known and identifiable by the person applying for the casino license:
(i) The person that applies for the casino license.
(ii) The key persons of the person applying for the license.
(iii) The key persons of any holding company or affiliate that has control of the person applying for the license.
(iv) Other persons who are required to be qualified as part of the application.
(e) Civil litigation and criminal history of all of the following entities to the extent known and identifiable by the person applying for the casino license:
(i) The person applying for the casino license.
(ii) The key persons of the applicant.
(iii) The key persons of any holding company or affiliate that has control of the person applying for the license.
(iv) Other persons who are required to be qualified as part of application.
(f) Other information and documentation as may be required by the board to establish and determine the identity, eligibility, suitability, and qualification of the applicant or any other person required to be qualified, as part of the application, as a financial source under the act or these rules.
(g) Other information and documentation as may be required by the board to establish and determine the financial stability, integrity, and responsibility of the person applying for a casino license and a holding company, affiliate, or intermediary company that is required to be qualified as part of the application under the act and these rules and to establish and determine the integrity of the applicant's financial sources and adequacy of the applicant's financial resources to develop, construct, maintain, and operate the proposed casino and related casino enterprises in accordance with the requirements of its certified development agreement and the act and these rules. The information shall include, without limitation, a detailed description of the capitalization for the proposed casino and related casino enterprises and the amount and source of all debt and equity involved in the capitalization for the proposed casino and related casino enterprises.
(h) Other information and documentation as may be required by the board to establish and determine sufficient business ability on the part of the person applying for the casino license and the applicant's key persons to properly manage and operate the proposed casino gambling operation and related casino enterprises in a successful and efficient manner and in accordance with the requirements of its certified development agreement and the act and these rules.
(i) Other information and documentation as may be required by the board concerning the proposed site of the applicant's proposed casino and related casino enterprises, including, without limitation, all of the following information and documentation:
(i) Site plans.
(ii) Total acreage.
(iii) Total square footage.
(iv) Frontage.
(v) Elevations.
(vi) Parking facilities.

(vii) Walkways and service drives for pedestrian and vehicular traffic flow.
(viii) Other infrastructure and support facilities.
(j) Other information and documentation as may be required by the board concerning the proposed gaming room, including, without limitation, the square footage and floor plans.
(k) Other information and documentation as may be required by the board concerning the applicant's construction program for the applicant's proposed casino and related casino enterprises, infrastructure, and support facilities, including, without limitation, all of the following information and documentation:
(i) The estimated construction time and anticipated date of opening.
(ii) The status of all required governmental and regulatory permits and approvals and any conditions of all required governmental and regulatory permits and approvals.
(iii) The project budget.
(iv) The architect, general contractor, construction manager, and primary subcontractors, environmental and traffic consultants, and interior designer.
(l) Other information and documentation as may be required by the board concerning the organizational and operational plans for the proposed gambling operation and related casino enterprises, including, without limitation, the recruitment, employment, supervision, and training of employees, management contracts, and leases.
(m) Other information and documentation as may be required by the board concerning the applicant's plans for providing food and beverage and other concessions, the status of all relevant required governmental and regulatory permits and approvals, and any conditions of all relevant required governmental and regulatory permits and approvals.
(n) The names, business addresses, telephone numbers, and principal contact persons of the applicant's identified suppliers of gaming-related and nongaming-related equipment, goods, and services.
(o) Other information and documentation as may be required by the board concerning the applicant's plans and procedures for extending credit for gambling and the collection of gambling-related debts.
(p) Other information and documentation as may be required by the board concerning all of the following:
(i) The applicant's internal controls.
(ii) Accounting policies and procedures.
(iii) Security and surveillance.
(iv) Other policies and procedures related to the integrity and protection of its assets and proposed gambling operation and the safety of its patrons and the public.
(q) Other information and documentation as may be required by the board concerning any agreements, covenants, or options by the person applying for the casino license or the key persons of the applicant or any holding company or affiliate that has control of the applicant to lease or purchase the actual or proposed site of the applicant's proposed casino and related casino enterprises.
(r) Other information and documentation as may be required by the board concerning any existing or pending applications by the person applying for a casino license, key persons of the applicant, any holding company or affiliate that has control of the applicant, or other persons required to be qualified as part of the applicant's application for grants, tax abatements or relief, or low-interest loans given or guaranteed by any governmental entity.
(s) Other information and documentation as may be required by the board regarding the types of insurance the applicant has or will obtain, including, without limitation, the following types of insurance:
(i) Liability.
(ii) Casualty.
(iii) Fire.
(iv) Theft.
(v) Worker's compensation.
(t) Other confidential information and documentation as may be required by the board from the applicant and other persons required to be qualified as part of the application, including, without limitation, the following:
(i) Confidential business and financial information.
(ii) Confidential taxpayer information.

(iii) Confidential trade secrets related to the conduct of the proposed gambling operation and related casino enterprises, including, without limitation, all of the following with respect to the applicant:
(A) Security and surveillance plans.
(B) Internal control procedures.
(C) Salary structure and payroll.
(D) Market research and feasibility studies.
(E) Advertising, marketing, and promotional plans.
(iv) Confidential personal information.
An applicant shall submit information or documentation required by the board which is exempt from public disclosure under the act or which the applicant or filer wishes to be treated as confidential as a separate part of the application under a cover clearly labeled "Confidential Information." An applicant shall submit the information or documentation in the manner and form prescribed by the board.
(u) All required written waivers, assurances, releases and affidavits, which an applicant shall submit in the manner and form prescribed by the board.
(v) A copy of the applicant's certified development agreement.
(w) A statement listing the name, position or title, and business address and telephone number of each individual who completed or prepared any part of the application for the applicant.
(x) The application fee required by the act and these rules.
(y) Other information or documentation that the board may deem material and necessary to establish the identification, eligibility, suitability, and qualification of the applicant or any other person required to be qualified or licensed as part of the application under the licensing standards and requirements of the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 307. The requirements for the public investigative hearing and action by the board on a casino license application are as follows:
(a) After the board receives notice from the executive director that the background investigation of the applicant and application has been completed, the board shall schedule and conduct a public investigative hearing regarding the applicant and application, without undue delay, under section 6(7) of the act.
(b) If the board or the executive director, in reviewing the application or as a result of the background investigation, identifies an apparent deficiency that may require denial of the application, then the board shall promptly notify the applicant and the city, in writing, of the apparent deficiency in the application and shall provide the applicant with a reasonable period of time, as determined by the board, to correct the apparent deficiency before scheduling and conducting a public investigative hearing on the application.
(c) The board shall conduct a public investigative hearing in accordance with the procedural requirements for a contested case under Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, except as follows:
(i) The person applying for the license shall at all times have the burden of establishing and demonstrating, by clear and convincing evidence, its eligibility and suitability for licensure under the act and these rules.
(ii) The board shall base its decision to grant or deny a casino license upon the whole record before the board and is not limited to testimony and evidence submitted at the public investigative hearing.
(iii) Only the board and the person applying for the license at issue may be parties at the public investigative hearing, except that the attorney general may intervene and represent the interests of the people of the state of Michigan in accordance with state law.
(d) The board shall provide the person applying for the license with not less than 2 weeks written notice of the public investigative hearing. The notice shall include all of the following information:
(i) A statement of the date, hour, place, and nature of the hearing.
(ii) A statement of the legal authority and jurisdiction under which the hearing is to be held.
(iii) A short and plain statement of the issues involved, and reference to the pertinent sections of the act and rules involved.
(iv) A short description of the order and manner of presentation for the hearing.

(e) Not less than 2 weeks before the hearing, the board shall also post notice of the public investigative hearing at its business offices in a prominent place that is open and visible to the public.
(f) The board shall also publish reasonable notice of the public investigative hearing in the 2 newspapers that have the largest circulation in the state and in other appropriate newspapers in the state that are selected by the executive director.
(g) The board, 1 or more of its members, the executive director, or 1 or more hearing officers designated and authorized by the board may conduct and preside over the public investigative hearing regarding a casino license application and may do all of the following:
(i) Administer oaths and affirmations.
(ii) Sign and issue subpoenas in the name of the board that require the attendance of witnesses, the giving of testimony by witnesses, and the production of books, papers, notes, records, and other documentary evidence.
(iii) Provide for the taking of testimony for the hearing by deposition.
(iv) Establish and regulate the order of presentation and course of the hearing; set the time and place for continued hearings; and fix the time for filing written arguments, legal briefs, and other legal documents.
(v) Accept and consider relevant written and oral stipulations of fact and law that are made part of the hearing record.
(h) The chair may designate the executive director or 1 or more hearing officers to conduct, or assist the board in the conduct of, the hearing, which may include preparation of a proposal for the board's decision after all testimony and evidence has been presented at the hearing.
(i) The person applying for the license shall be given a full opportunity during the hearing to question and cross-examine witnesses presented by the board, to present all relevant information to the board regarding its application and eligibility and suitability for licensure, and to call witnesses to testify and provide information at the hearing for and on the applicant's behalf. Upon request of the applicant, the board, the executive director, or the board's designated hearing officer or officers shall issue subpoenas requiring the appearance of witnesses whom the applicant intends to call to testify on its behalf at the hearing and requiring the production of relevant notes, papers, memoranda, records, documents, and other materials at the hearing for consideration by the board. The applicant shall be responsible for serving the subpoenas.
(j) The members of the board, the board's designated hearing officer or officers, the executive director, and the assistant attorney general assigned to assist the boardin the conduct of the hearing may do all of the following:
(i) Question, through direct examination or cross-examination, or both, the applicant and any witnesses called by the applicant regarding their testimony and any aspect of the applicant's application and relevant background.
(ii) Recall the applicant and other witnesses called by the applicant during the hearing for further questioning.
(iii) Subpoena other witnesses not called by the applicant to testify and present evidence and information regarding the applicant's application and relevant background.
(k) The board, the executive director, or hearing officer presiding at the hearing may, in the exercise of his or her discretion, grant the applicant an opportunity forrebuttal of allegations raised during the hearing.
(l) After the person applying for the license has made its presentation in support of its application and licensure, representatives of government entities and agencies, and the public at large shall have a reasonable opportunity during the hearing to give testimony and comments relevant to the applicant and application and the issue of licensure. The hearing notice shall state and give notice that opportunity for testimony and comment will be provided during the hearing. The chair or other presiding officer shall announce at the start of the hearing when and how testimony and comments may be presented during the hearing.
(m) A person who testifies at the hearing shall be sworn and testify under oath.
(n) The board may continue the hearing for as long as it deems necessary and may recess and reconvene the hearing at its discretion.
(o) The board shall record the public hearing at its direction, stenographically or by other means to adequately ensure preservation of an accurate record of the hearing. A transcript prepared by a certified reporter or stenographer hired by the board is the official record of the public hearing.

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

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

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

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

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

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

(vi) If the proposal for the board's decision is adverse to the applicant, then the board shall give the applicant a reasonable opportunity to file exceptions and written argument with the board objecting to the proposal for decision.

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

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

(i) Character.

(ii) Reputation.

(iii) Integrity.

(iv) Business probity, experience and ability.

(v) Financial ability and responsibility.

(vi) Other relevant licensing requirements, standards, and criteria provided in the act and these rules.

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

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

(u) If the board finds that the applicant is not eligible, qualified, and suitable for licensure under the act and these rules, then it shall direct the executive director to issue and serve a notice of denial and a copy of the board's written decision on the applicant and the city by certified mail or personal delivery.

(v) An applicant may appeal the denial of a casino license to the court of appeals as provided in the act.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1308 Certificate of suitability.

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

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

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

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

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

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

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

(c) Handicap access.

(d) Support facilities.

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

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

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

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

(i) Casino enterprises and related casino operations.

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

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

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

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

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

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

(i) Fire marshal permits.

(ii) Public health permits.

(iii) Building permits.

(iv) Zoning permits.

(c) Obtain ownership or use of necessary land for the site of the casino and related casino enterprises.
(d) Obtain the financing necessary to complete development and construction of the casino and related casino enterprises and conduct casino and gambling operations.
(e) Complete, in a timely manner, construction of the proposed casino and related casino enterprises, infrastructure, and other support facilities, including parking areas, roadways, and walkways, in accordance with the applicant's development agreement with the city and the proposed construction schedule and timetables established by the board.
(f) Post the required bond in compliance with section 8(a) of the act and these rules.
(g) Obtain all insurance deemed necessary and required by the board.
(h) Obtain and install all necessary electronic gaming devices and gaming equipment to conduct the casino gambling operation.
(i) Hire and train qualified staff to conduct all aspects of the casino and gambling operations and related support operations.
(j) Take other action the board deems necessary to ensure that the holder of the certificate of suitability will be prepared and able to open to the public and conduct its casino and gambling operations in compliance with the conditions and requirements of its certificate of suitability, its development agreement, the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1309 Casino license issuance.

Rule 309. (1) The holder of the certificate of suitability shall advise the board, in writing, when it believes that it has complied with the conditions of its certificate of suitability and other requirements of the board for granting and issuing of a casino license and is prepared, ready, and able to open to the public and conduct its proposed casino operations and gambling operations in compliance with the certificate, the act and these rules.
(2) Upon receipt of the written notice from the holder of the certificate of suitability specified in subrule (1) of this rule, the executive director or his or her designee shall conduct a thorough inspection of the holder's casino and related casino enterprises, support facilities, casino operations, and gambling operations and then report back to the board, in writing, whether the holder has satisfactorily complied with the conditions and requirements of the board for granting and issuing a casino license to the holder under the certificate, the act, and these rules. The executive director or his or her designee shall also report whether the holder is prepared, ready, and able to open to the public and conduct its proposed casino operation and gambling operations in compliance with the act and these rules.
(3) The executive director shall ensure that a copy of his or her written report to the board is served on the holder of the certificate of suitability and the city.
(4) Upon receipt of the executive director's report, the board shall reconvene the public investigative hearing for purposes of taking further evidence and rendering its final decision on the application.
(5) The board shall place restrictions and conditions on a casino license, including, but not limited to, all of the following:
(a) The licensee shall continue to comply with all agreements it may have with any governmental authority.
(b) The licensee shall post and maintain its required bond in accordance with section 8(a) of the act.
(c) The licensee's gambling operation shall undergo, and successfully complete, a sufficient number and type of practice gambling operations to ensure that the gambling operation is conducted in compliance with the act and these rules.
(d) The licensee shall pay the required annual license fee upon issuance of the casino license.
(e) The licensee shall satisfactorily complete or comply with any uncompleted or noncomplying aspects of its proposed casino and related casino enterprises, support facilities, and casino and gambling operations within specified time frames established by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1310 Casino license bond.

Rule 310. (1) The holder of a certificate of suitability shall post a bond in the sum of $1,000,000.00 payable to: "State of Michigan," under the requirements of section 8(a) of the act, before a casino license will be issued to the holder.
(2) Unless otherwise required by the board, a casino license bond shall be in compliance with all of the following additional requirements:
(a) A surety bond must be with a surety company that is approved by the board and guaranteed by a guarantor that is approved by the board.
(b) An irrevocable line of credit issued as security for a bond must also be approved by the board.
(c) If the holder of the certificate of suitability plans to post a surety bond, negotiable securities, or irrevocable letter of credit, then the holder shall submit its bond proposal not less than 45 days before the time the bond is to be posted to allow the board sufficient time to investigate and approve the proposed bond and the surety, guarantor, or banking institution that issued the bond and irrevocable letter of credit or negotiable securities guaranteeing payment of the bond.
(d) The bond shall be payable to the state of Michigan as obligee for use in payment of the casino licensee's financial obligations to the state and as security to guarantee that the licensee faithfully makes the payments, keeps its books and records, makes reports, and conducts its casino gambling operation in conformity with the act and these rules.
(e) The bond shall provide that it may be exercised by the state if the licensee fails to substantially comply with its obligations under the act, and these rules.
(f) The bond shall state that it shall run continuously and remain in full force and effect throughout the period during which the license is held, unless the surety cancels the bond by giving the board not less than 30 days' written notice.
(3) The board may demand that a casino licensee post a new bond that complies with the act and subrules (1) and (2) of this rule if any of the following provisions apply:
(a) Liability on the existing bond is discharged or reduced by judgment rendered, payment made, or other situation.
(b) The board determines that any surety, guarantor, irrevocable letter of credit, or other negotiable securities on the old bond are no longer satisfactory and approved.
(c) The board determines that the banking institution that issued the irrevocable letter of credit or other negotiable securities on the old bond is no longer satisfactory or approved.
(d) The licensee requests to post a new bond.
(e) The board receives notice that the bond will be canceled.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1311 Required insurance.

Rule 311. (1) A casino licensee shall obtain and maintain insurance necessary to assure that the licensee or holder of a certificate of suitability is adequately insured to protect itself against the potential liabilities of constructing, owning, and operating a casino and related casino enterprises and conducting a gambling operation. A licensee shall obtain and maintain the following types of insurance or reasonable equivalent while holding a casino license:
(a) Liability insurance.
(b) Casualty insurance.
(c) Fire insurance.
(d) Theft insurance.
(e) Worker's compensation insurance.
(2) If a licensee, at any time, fails to maintain sufficient insurance while holding a certificate of suitability or a casino license, then the board may initiate disciplinary action against the licensee or holder of a certificate of suitability.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1312 Casino license renewal.

Rule 312. (1) The board shall issue a casino license for a 1-year period.
(2) After expiration of the initial casino license, the license may be renewed annually.

(3) The casino license will be renewed by the board if all of the following requirements are met:
(a) Not less than 30 days before expiration of the license, the licensee has submitted the $25,000.00 annual license renewal fee in the manner and form required by the board.
(b) Not less than 30 days before expiration of the license, the licensee has submitted an annual renewal report to the board. The report shall include, without limitation, a statement requesting renewal of the license and all of the following information regarding the licensee:
(i) If the licensee is a publicly traded corporation regulated by the securities and exchange commission, a current list of all of the following persons to the extent known by the licensee at the time of submitting the report:
(A) Key persons of the licensee.
(B) Affiliates and affiliated companies of the licensee.
(C) The key persons of any person that has control of the licensee.
(D) Other persons required to be qualified as part of the licensee's request for renewal of the license under the act and these rules.
(ii) If the licensee is not a publicly traded corporation regulated by the securities and exchange commission, a current list of all of the following persons to the extent known by the licensee at the time of submitting the report:
(A) Key persons of the licensee.
(B) Affiliates and affiliated companies of the licensee.
(C) The key persons of any persons that has control of the licensee.
(D) Other persons, other than publicly traded corporations and their 5% or less shareholders, that have more than a 1% direct, indirect, or attributed pecuniary or equity interest in the licensee.
(iii) To the extent that information has changed or not been previously reported to the board, updated personal, business, and financial information, as the board may require, related to the eligibility, suitability, and general fitness of the licensee to continue to hold the license for which renewal is requested under the act and these rules, including, without limitation, information regarding the identification, integrity, moral character, reputation, and relevant business experience, ability, and probity, and financial experience, ability, and responsibility of the licensee and each person required to be qualified for renewal of the license under the act and these rules.
(iv) A statement under oath by the licensee's chief executive officer that the information provided in the licensee's annual renewal report is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the act and these rules to notify the board of any change in information provided in its original license application and subsequent annual license renewal reports previously filed with the board.
(v) Financial statements and reports regarding the current capital structure and financial condition of the licensee indicating the licensee's current financial ability to conduct and maintain its gambling and casino operations in a financially responsible manner in accordance with the requirements of the act and these rules and to satisfy its financial obligations in accordance with the licensee's financing agreements and other contractual obligations. The statements and reports shall be prepared by the licensee in the manner and form prescribed by the board.
(vi) Other relevant information and documentation that the board may require to determine the licensee's eligibility, suitability, and qualification to have its license renewed under the licensing standards of the act and this part.
(c) The executive director, after reviewing the licensee's annual renewal report, reports in writing to the board that the licensee's annual renewal report provides all information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to have its casino license renewed and is prepared, ready, and able to continue conducting its casino gambling operation in compliance with the act and these rules throughout the new 1-year time period for which the license is to be renewed.
(d) The licensee pays the board for any additional background investigation charge assessed by the board, under these rules.
(4) The board may refuse to renew a casino license and issue a notice of nonrenewal if the licensee fails to file its annual renewal report in a timely manner. In addition, the board may refuse to renew a casino license and issue a notice of nonrenewal if the executive director reports, in writing, to the board, after

reviewing the licensee's annual renewal report, that the license should not be renewed because the licensee's annual renewal report does not provide the information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to continue to be licensed and to establish that the licensee is prepared, ready, and able to continue conducting its casino gambling operation in compliance with the act and these rules.

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

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

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

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

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

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

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

Rule 313. (1) To assure compliance with the act and these rules, the board shall continue its investigation throughout the period of licensure for purposes of monitoring and determining whether the licensee continues to be eligible and suitable to hold the license and shall, accordingly, maintain the confidentiality of its investigative files in accordance with section 4c(1)(a) of the act.

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

(3) Issuance of the casino license does not create a property right.

Issuance of the license instead gives to the holder a revocable privilege granted by the state conditioned upon the holder's continuing eligibility, qualifications, and suitability to hold the license under the act and these rules.

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

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

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

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

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

R 432.1315 Notification of new financial sources required.

Rule 315. A person that applies for or holds a casino license or any holding company, affiliate, or person that has control of a person that applies for or holds a casino license shall notify the board, in writing, as soon as practicable, after it becomes aware that it intends to enter into a transaction related in any way to the development and operation of the Michigan casino and related casino enterprises that may result in any new financial backers, investors, mortgages, bondholders, or holders of indentures, notes, or other evidences of indebtedness of the applicant or licensee. A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 316. (1) A publicly traded company that applies for or holds a casino license or a publicly traded holding company or affiliate that has control of a casino license applicant or licensee shall notify the board, as soon as practicable after it becomes aware that, with regard to any such publicly traded company, any person or individual has beneficially acquired any of the following:
(a) More than 1% of any class of the company's equity securities.
(b) The ability to control the publicly traded applicant or licensee or the publicly traded holding company or affiliate that has control of a casino license applicant or licensee.
(c) The ability to elect 1 or more directors of the publicly traded applicant or licensee or of the publicly traded holding company or affiliate that has control of a casino license applicant or licensee. To the extent known by the applicant or licensee, the required notification shall include, without limitation, the name, business address, phone number, and other personal identification information for each person or individual.
(2) If a publicly traded casino license applicant or licensee, publicly traded holding company, or a casino license applicant or licensee either files or is served with any schedule 13D, 13G, or 13F filing under the securities exchange act of 1934, 15 U.S.C. § 78 et seq., copies of the filing shall be submitted to the board by the publicly traded casino license applicant, licensee, or holding company within 10 business days after receipt or filing.
(3) A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 317. An individual required to be qualified or licensed under the act or these rules by virtue of his or her position with a Michigan casino licensee or related casino enterprise shall not perform any duties or exercise any powers of the position until he or she is determined to be qualified or licensed, or both, or otherwise authorized by the board, under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 318. A proposed new director, partner, officer, or key person required to be qualified or licensed under the act or these rules by virtue of his or her position with a holding company or affiliate that has control of a Michigan casino license applicant or licensee shall not perform any duties or exercise any powers of the position related to Michigan operations until he or she has been determined to be qualified or licensed, or both, or otherwise authorized by the board, under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 319. A casino license applicant or licensee, or a holding company or affiliate that has control of a casino license applicant or licensee, shall report, in writing, to the board, as soon as practicable, the formation or dissolution of, or any transfer of, a nonpublicly traded or publicly traded interest in any subsidiary of the casino license applicant or licensee or any subsidiary of any holding company or affiliate that has control of the casino license applicant or licensee that is related in any way to the development,

construction, or operation of the applicant's or licensee's Michigan casino or Michigan casino-related enterprises. A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements in R 432.1406.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 320. A casino license may be revoked, restricted, or suspended by the board if the board initiates disciplinary action against the licensee under part 11 of these rules and determines that the licensee is in violation of the act or these rules or that the action is in the best interests of the state and reasonably necessary and appropriate to protect and enhance the credibility and integrity of casino gambling operations in this state.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 321. (1) A person shall not supply or provide goods or services to a casino licensee, casino license applicant, or holder of a certificate of suitability which are directly related to gambling, which are directly related to the conduct of gambling activity, or which otherwise directly affect the play and results of gambling games authorized, conducted, and played under the act and these rules, unless the person holds a supplier's license. In determining whether a person is required to be licensed as a supplier under this rule, the board shall consider, without limitation, whether the person meets one or more of the following criteria:
(a) The person manufactures, supplies, or distributes devices, machines, equipment, items or articles that meet any of the following provisions:
(i) Are specifically designed for use in the conduct of gaming.
(ii) Are needed to conduct gaming.
(iii) Have the capacity to affect the outcome of the play of a gambling game.
(iv) Have the capacity to affect the calculation, storage, collection, or control of gross receipts.
(b) The person services or repairs electronic or live gambling devices, machines, equipment, items, or articles used in gaming.
(c) The person provides services directly related to the operation, security, surveillance, regulation, or management of gaming in a casino.
(d) The person provides other goods or services determined by the board to be so utilized in, or incident to, the operation of a casino or gaming that the person must be licensed as a supplier to protect the public and enhance the credibility and integrity of gaming in Michigan.
(2) The following persons shall be licensed under the criteria specified in subrule (1) of this rule:
(a) Manufacturer, supplier, distributor, servicer, or repairer of any of the following:
(i) Slot machines.
(ii) Electronic gaming devices and machines.
(iii) Cards.
(iv) Dice.
(v) Gaming chips.
(vi) Gaming plaques.
(vii) Slot tokens.
(viii) Prize tokens.
(ix) Dealing shoes.
(x) Drop boxes.
(xi) Computerized gaming monitoring systems.
(xii) Bill exchangers.
(xiii) Credit voucher machines.
(xiv) Other devices, machines, equipment, items, or articles utilized in gaming.
(b) A provider of casino credit reporting services and casino surveillance and security systems and services.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 322. (1) A person shall not, on a regular and continuing basis, supply or provide goods or services to a casino licensee, casino license applicant, or holder of a certificate of suitability regarding the realty, construction, maintenance, operation or business of a casino or casino enterprise if the goods or services are not directly related to, used in connection with, or affect, gaming, unless the person holds a supplier's license.

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

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

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

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

(d) Limousine services.

(e) Real estate and building and construction services.

(f) Junket representatives.

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

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

(a) The person or field is an agency of state, local, or federal government.

(b) The person or field is regulated by another regulatory agency in Michigan.

(c) The person or field will provide goods or services of insubstantial or insignificant amounts or quantities.

(d) Licensing of the person or field is not deemed necessary to protect the public interest or accomplish the policies and purposes of the act.

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

R 432.1323 Prohibited transactions with unlicensed suppliers.

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

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

R 432.1324 Supplier's license application.

Rule 324. (1) A person applying for a supplier's license and a person required to be qualified as part of the application shall complete and submit application and disclosure forms in the manner and form prescribed by the board. The application and disclosure forms shall be made under oath on prescribed forms provided by the board and shall contain all information prescribed and required by the board.
(2) Application procedures for a supplier's license are as follows:
(a) Upon application, an applicant shall assume and accept, in writing, under oath, all risk of adverse publicity, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with the application process or the public disclosure of information submitted with the application.
(b) Upon application, an applicant shall also expressly waive and give up, in writing, under oath, all claims for damages that may result from the application and licensing process.
(c) Upon application, an applicant shall also consent, in writing, under oath, to being subject to the inspections, investigations, audits, searches, and seizures in section 4a(1)(c)(i) to (v) of the act for the duration of the supplier's license for which application is made, if the license is issued.
(d) Upon application, an applicant shall also authorize and consent, in writing, under oath, to release and disclose to the board and its authorized representatives and agents all otherwise confidential records of the applicant that the board requests from the applicant or from third parties, including, without limitation, tax records and financial records held by a federal, state, or local governmental agency, a credit bureau, or a financial institution while applying for, or while holding, a supplier's license under the act and these rules. The applicant and licensee shall also authorize and consent, in writing, under oath, to board disclosure in accordance with section 4©(5) of the act.
(e) The board shall use the information provided in the prescribed application and disclosure form as a basis for an appropriate background investigation, which the board shall conduct on each applicant, and for evaluating and determining the eligibility, qualifications, and suitability of the applicant to receive the license for which application is made. The board shall make the evaluation and determination under the licensing standards and criteria provided in the act and rules of the board. A misrepresentation or omission in the application is cause for denial, suspension, restriction, or revocation of a license by the board.
(f) A person applying for a supplier license shall provide the name, address, and telephone number of a representative to act as a liaison to the board and to Michigan state police background investigators, and shall facilitate, assist, and cooperate with, the board and the state police in their conduct of background investigations under the act and these rules.
(g) The board shall not issue a supplier's license or renewal unless the person applying for the license, and each person required to be qualified as part of the application for issuance or renewal of the license, has completed and filed, with the board, all required applications, license renewal reports, and disclosure forms, in the manner and form prescribed by the board, and has provided all information, documentation, assurances, waivers, and releases required by the act and these rules.
(h) An applicant shall file all required application forms before the expiration of deadlines established and published by the board.
(i) An applicant is under a continuing duty to disclose any material changes in the information or documentation provided in or with the application, renewal, and disclosure forms submitted to the board.
(j) A person applying for a supplier license shall request amendment of its application when it knows, or should have known, that there has been a change in any of the following:
(i) The applicant's key persons or the key persons of any holding company or affiliate that has control of the applicant.
(ii) The type of business organization or entity.
(iii) A holding company or affiliate.
(iv) More than a 5% change in the capitalization or a 1% change in the debt-to-equity ratio.
(v) Investors or debt holders, or both.
(vi) Source of funds.
A publicly traded corporation shall be considered to have complied with this rule if it has complied with the reporting requirements provided in R 432.1406.

(k) A supplier's license application may be withdrawn upon written notice to the board before board action on the application if all background investigation costs of the board have been paid in full by the person applying for a supplier license.
(l) If a supplier's license application is withdrawn, then the person who made the application for the license may not reapply for a license within 1 year from the date withdrawal was granted without leave of the board.
(m) The board may allow information, documents, or other materials submitted by an applicant in a withdrawn application to be incorporated by reference into a subsequent application.
(n) The board shall not process an application for a supplier's license unless the person making the application has a written agreement with, or written statement of intent from, a casino licensee, casino license applicant, or holder of a certificate of suitability providing or stating that the applicant will be supplying certain types of goods and services to the casino licensee, casino license applicant, or holder of the certificate of suitability upon receiving a supplier's license.
(3) A supplier's license application shall require that the person applying for the license and a person required to be qualified as part of the application submit all of the following information and documentation on forms prescribed by the board:
(a) The name of the person applying for a supplier license and any holding company or affiliate that has control of the applicant and the person's, company's, or affiliate's respective business address, phone number, federal identification number, and Michigan taxpayer identification number.
(b) To the extent known and identified by the applicant, the identity and home and business addresses and phone numbers of the key persons of the person applying for a supplier license, of a holding company or affiliate that has control of the applicant, and of any other person required to be qualified as part of the applicant's application under the act and these rules.
(c) Applications and disclosure forms completed by the person applying for a supplier license and by the key persons of the applicant, a holding company or affiliate that has control of the applicant, and any other identified person required to be qualified as part of that applicant's application. The applications and disclosure forms shall contain all information and documentation that the board requires to determine the eligibility, qualifications, and suitability of each person under section 7a(4) and (5) of the act, including, without limitation, all of the following information and documentation for each person:
(i) Copies of all filings which are required by the securities and exchange commission and which are issued and filed by the applicant, a holding company, or an affiliate that has control of the applicant during the 2 preceding fiscal years.
(ii) All of the following properly executed documents in the manner and form prescribed by the board:
(A) Consents to inspections.
(B) Searches and seizures.
(C) Waivers of liability for disclosures of information.
(D) Consents to examination of confidential accounts and records.
(iii) Photographs and fingerprints of each individual person required to be qualified as part of the application. The photographs and fingerprints shall be taken at a time and place designated by the executive director. Photos that have been taken within 90 days of submitting an application may be sent with the applicable disclosure form to fulfill the photo requirement.
(iv) All of the following information for each individual person required to be qualified as part of the application:
(A) Name.
(B) Aliases and nicknames.
(C) Date of birth.
(D) Physical description.
(E) Citizenship.
(F) Marital history and family data.
(G) Home and business addresses and phone numbers.
(H) Federal tax identification number.
(I) Michigan tax identification number.
(J) Social security number.

(v) Personal, business, and financial information relevant to the moral character, reputation, integrity, business probity, experience and ability, and financial experience, stability, and responsibility of the person applying for a supplier license and each person required to be qualified as part of the application.
(vi) A listing of the jurisdictions in which the person applying for a supplier license and each person required to be qualified as part of that application holds or has held a supplier license or other gaming-related license.
(vii) Information regarding any previous civil litigation that involves the business practices of, or criminal arrests, charges, or dispositions involving, the person applying for a supplier license and each person required to be qualified as part of the application.
(viii) Information regarding the incorporation, partnership, or other business structure and organization of the person applying for the supplier license and the applicant's key persons and any holding company or affiliate that has control of the applicant.
(ix) Information regarding the equipment, goods, and services that the person applying for a supplier license will provide or supply to casino licensees or casino license applicants, including, without limitation, information regarding inventory, prices, and the knowledge, skill, education, training, and experience of the applicant and the managerial employees and sales and service representatives who will represent the applicant and conduct its business in Michigan.
(x) Information regarding any previous bankruptcy proceedings filed by or against the person applying for a supplier license or any other person required to be qualified as part of the application.
(xi) Information regarding any previous formal legal proceedings to adjust, deter, suspend, or otherwise work out payment of any debt owed by the person applying for a supplier license or any other person required to be qualified as part of the application.
(xii) Information regarding any present or previous tax delinquency or complaints, notices, or liens filed against the person applying for a supplier license, or any other person required to be qualified as part of the application, for nonpayment of local, state, or federal taxes and fees.
(xiii) Information regarding any previous violation of, or noncompliance with, supplier licensing or regulatory requirements in Michigan or any other jurisdiction by the person applying for a supplier license or any other person required to be qualified as part of the application.
(xiv) Information regarding any previous violation of, or noncompliance with, any other licensing and regulatory requirements involving other regulated gaming or nongaming-related activity in Michigan or any other jurisdiction by the person applying for a supplier license or any other person required to be qualified as part of the application.
(xv) Information regarding whether the person applying for a supplier license or any other person required to be qualified as part of the application has ever held a supplier license or other gaming-related license that was restricted, suspended, or revoked in Michigan or any other jurisdiction.
(xvi) To the extent known by the person applying for the supplier license, information regarding any political contributions, loans, donations, or payments made by the applicant, any other person required to be qualified as part of the application, or the applicant's or other person's respective spouses, parents, children, or spouses of children to a candidate within 1 year before submitting the application.
(xvii) Other information which is required by the board regarding the person applying for a supplier license and any other person required to be qualified as part of the application and which is deemed necessary by the board to protect the public and enhance the credibility and integrity of gaming in Michigan and to properly evaluate the applicant's eligibility, qualifications, and suitability to be licensed as a supplier under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1325 Supplier temporary license.

Rule 325. (1) Upon written request of a person applying for a supplier license, the executive director may issue a temporary license to the applicant and permit the applicant to conduct business transactions with, and provide goods and services to, casino licensees, casino license applicants, and holders of certificates of suitability, if all of the following provisions are complied with:
(a) A completed application, an application fee, and all required disclosure forms and other required written documentation and materials have been submitted by the applicant.

(b) Preliminary review of the application and a criminal history check by the executive director and the Michigan state police does not reveal that the applicant or the applicant's affiliates, key persons, local and regional managerial employees or sales and service representatives, or substantial owners have been convicted of a felony or misdemeanor that would require denial of the application or may otherwise be ineligible, unqualified, or unsuitable to permit licensure under the act or these rules.
(c) There is no other apparent deficiency in the application that may require denial of the application.
(d) The applicant has an agreement to begin providing goods and services to a casino licensee, casino license applicant, or holder of a certificate of suitability upon receipt of the supplier temporary license or the applicant shows good cause for being granted a temporary license.
(2) A temporary license issued under this rule is valid for not more than 90 days, but may be renewed upon expiration by the executive director if the provisions of subrule (1)(a) to (d) of this rule are satisfied.
(3) An applicant who receives a supplier temporary license under this rule may supply casino licensees, casino license applicants, and holders of certificates of suitability with goods and services subject to these rules until a supplier license is issued by the board pursuant to the applicant's application or until the temporary license expires or is suspended or revoked. During the period of the temporary license, the supplier applicant shall supply goods and services in compliance with the act and these rules.
(4) If the temporary license expires, is not renewed, or is suspended or revoked, then the executive director shall immediately forward the applicant's application for a supplier license to the board for action on the application after first providing a reasonable time period for the applicant to correct any apparent deficiency in its application that may require denial of the application.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1326 Supplier license issuance; standards and criteria.

Rule 326. A person that is required to be licensed as a supplier under the act and these rules shall, before issuance of a supplier's license, produce such information, documentation, and assurances in its application to establish all of the following by clear and convincing evidence:
(a) The applicant and all other persons required to be qualified as part of the application are eligible, qualified, and suitable for licensure under the licensing standards, criteria, and requirements set forth in section 7(a) of the act and these rules.
(b) The financial stability and responsibility of the applicant.
(c) The applicant, if an individual, and all other individuals required to be qualified as part of the application are not less than 21 years of age.
(d) The applicant and all other persons required to be qualified as part of the application demonstrate a level of skill, experience, knowledge, and ability necessary to supply the equipment, goods, or services that the applicant seeks permission to provide to casino licensees, casino license applicants and holders of certificates of suitability in compliance with the act and these rules.
(e) The applicant and all other persons required to be qualified as part of the application have not been convicted of any criminal offense involving gaming, theft, dishonesty, or fraud in any jurisdiction.
(f) The applicant and all other persons required to be qualified as part of the application do not appear on the exclusion list of any jurisdiction.
(g) The applicant and all other persons required to be qualified as part of the application are in substantial compliance with all local, state, and federal tax laws.
(h) The applicant has adequate liability and casualty insurance.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1327 Supplier license application; board action.

Rule 327. The board shall take the following action on an application for a supplier license:
(a) After the completion of the background investigation, the executive director shall report to the board, in writing, regarding the staff's background investigation of the applicant. Upon receipt of the executive director's report, the board shall grant or deny the application.
(b) If the board grants the application, it shall direct the executive director to issue a supplier license upon the payment of the annual licensing fee. If the applicant's annual licensing fee is not received by the board within 14 days after the date of the mailing of the notification of the applicant's suitability for licensure to

the applicant, then the board shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.
(c) If the board denies the application, then it shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.
(d) A notice of denial does not constitute a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed unless the applicant fails to request a hearing in a timely manner under part 7 of these rules to contest the denial. If a request is not made in a timely manner, then the notice of denial becomes the final order of the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1328 Denied license; reapplication.

Rule 328. (1) A person whose application for a supplier license has been denied may not reapply for a supplier license for a period of 1 year from the date on which the board voted to deny the application unless the board allows reapplication at an earlier date.
(2) A person whose application for a suppliers license was denied may seek leave of the board to reapply within the 1-year period by addressing the request to the board. The board may require the applicant to present oral or written argument outlining why an exception should be made.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1329 Required insurance.

Rule 329. (1) A supplier licensee shall obtain and maintain insurance necessary to assure that the licensee is adequately insured to protect itself against the potential liabilities associated with holding a supplier license or conducting business as a supplier.
(2) If the licensee fails to maintain sufficient insurance while holding a supplier license, then the board may initiate disciplinary action against the licensee.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1330 Renewal of supplier license.

Rule 330. (1) A supplier license shall be issued for a 1-year period.
(2) After expiration of the initial supplier license, the license may be renewed annually.
(3) A supplier license will be renewed by the board if all of the following requirements are met:
(a) The licensee submits the $5,000.00 annual license renewal fee, in the manner and form required by the board, not less than 30 days before expiration of the license.
(b) The licensee has submitted an annual renewal report to the board, in the manner and form prescribed by the board, not less than 30 days before expiration of the license. The report shall include, without limitation, a statement requesting renewal of the license and all of the following information regarding the licensee:
(i) If the licensee is a publicly traded corporation regulated by the securities and exchange commission, a current list, to the extent known by the licensee at the time of submitting the report, of all key persons, affiliates and affiliated companies, the key persons of any person that has control of the licensee, and the identity of all other persons required to be qualified as part of the licensee's request for renewal of the license under the act and these rules.
(ii) If the licensee is not a publicly traded corporation regulated by the securities and exchange commission, a current list, to the extent known by the licensee at the time of submitting the report, of all key persons, affiliates and affiliated companies of the licensee, the key persons of any persons that have control of the licensee, and all other persons, other than publicly traded corporations and their 5% or less shareholders, that have more than a 1% direct, indirect, or attributed pecuniary or equity interest in the licensee.
(iii) To the extent that information has changed or has not been previously reported to the board, updated personal, business, and financial information, as the board may require, related to the eligibility, suitability, and general fitness of the licensee under the act and these rules to continue to hold the license for which renewal is requested. The information shall include, without limitation, changes regarding the identification, integrity, moral character, reputation, and relevant business experience, ability and probity, and financial experience, ability, and responsibility of the licensee and each of the persons required to be qualified for renewal of the license under the act and these rules.

(iv) A statement under oath by the licensee's managing officer or director that the information provided in the licensee's annual renewal report is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the act and these rules to notify the board of any change in information provided in its original license application and subsequent annual license renewal reports previously filed with the board.
(v) Financial statements and reports regarding the current capital structure and financial condition of the licensee, prepared by the licensee in the manner and form prescribed by the board, indicating the licensee's current financial ability to conduct and maintain its supplier business in a financially responsible manner, in accordance with the requirements of the act and these rules, and satisfy its financial obligations in accordance with financing agreements and other contractual obligations.
(vi) Other information and documentation that the board may require to determine the licensee's eligibility, suitability, and qualification to have its license renewed under the licensing standards of the act and this part.
(c) The licensee pays the board for any additional background investigation charge assessed by the board under these rules.
(4) The executive director, after reviewing the licensee's annual renewal report, reports, in writing, to the board, that the licensee's annual renewal report provides all information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, and suitable to have its supplier license renewed and that the licensee is prepared, ready, and able to continue providing goods and services to casino licensees, casino license applicants, or holders of certificates of suitability in compliance with the act and these rules throughout the new 1-year time period for which the license is to be renewed.
(5) The board may refuse to renew a supplier license and issue a notice of nonrenewal if the licensee fails to file its annual renewal report in a timely manner or if the executive director reports, in writing, to the board, after reviewing the licensee's annual renewal report, that the license should not be renewed because the licensee's annual renewal report does not provide the information and documentation prescribed and required by the board to establish and determine that the licensee is eligible, qualified, or suitable to continue to be licensed and that the licensee is prepared, ready, and able to continue providing goods and services to casino license applicants, holders of certificates of suitability, and casino licensees in compliance with the act and these rules.
(6) A supplier licensee who is served with a notice of nonrenewal under this rule may request a hearing under these rules.
(7) Unless specifically stated to the contrary, the notice of nonrenewal shall not constitute a finding by the board that the supplier licensee is ineligible, unqualified, or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or rules of the board, unless the licensee fails to request a hearing under these rules in a timely manner.
(8) If the licensee does not request a hearing in a timely manner, then the notice of nonrenewal becomes the final order of the board.
(9) If the licensee files an annual renewal report in a timely manner and in the manner and form prescribed by the board, then the licensee's previous existing supplier license does not expire until the board issues its final decision and order on the renewal. If renewal is denied or the new license is restricted or limited, then the previous existing supplier license does not expire until the last day for applying for judicial review of the board's decision or a later date fixed by order of the reviewing court. This subrule, however, shall not affect a valid action by the board summarily suspending the licensee's previous existing supplier license.
(10) A copy of the executive director's report to the board and notice of renewal or notice of nonrenewal issued by the board shall be served on the licensee and the city.
History: 1998 MR 6, Eff. June 24, 1998.

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

Rule 331. (1) An individual employed by a Michigan casino licensee or a Michigan supplier licensee whose work duties are related to, or involved in, the gambling operation or are performed in a restricted area of a casino or in the gaming area of a casino in Michigan shall hold an occupational license of the level

required for the individual's position before the individual may perform any of the duties of his or her position.
(2) This rule applies to both full-time and part-time employees.
(3) The 3 different classes of occupational licenses that an employee may hold are as follows:
(a) Occupational license, level 1, the highest level of occupational license.
(b) Occupational license, level 2.
(c) Occupational license, level 3.
(4) An occupational licensee may perform any work duties or activities included within the level of occupational license held by the licensee and included in any lower level of occupational license.
(5) The board shall not process an application for an occupational license unless the application includes a written statement from an applicant for or holder of a casino or supplier license that the applicant has been or will be hired upon receiving the appropriate occupational license for which application is made.
(6) The board may exempt any person from the occupational licensing requirements of these rules if the board determines that the person is regulated by another governmental agency or that licensing is not deemed necessary to protect the public interest or accomplish the policies and purposes of the act.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1332 Occupational license, level 1.

Rule 332. An individual who will be employed by a casino licensee or supplier licensee in a position that includes any of the following responsibilities or authority, regardless of job title, shall hold, before employment, a current and valid level 1 occupational license or a valid temporary level 1 occupational license issued under these rules:
(a) The supervision of specific areas or departments related to, or involved in, the gambling operation, including, without limitation, a person who does any of the following:
(i) Functions as a casino shift manager.
(ii) Functions as a pit boss.
(iii) Functions as a poker shift supervisor.
(iv) Functions as a slot shift manager.
(v) Supervises the repair and maintenance of slot machines and bill changers.
(vi) Supervises surveillance investigations or the operation of the surveillance department during a shift.
(vii) Supervises security investigations or the operation of the security department during a shift.
(viii) Functions as a cage manager.
(ix) Supervises the operation of the cashiers' cage, table games cage, or slot machine cage during a shift.
(x) Supervises the hard count room or soft count room.
(xi) Supervises the patron check collection unit.
(xii) Functions as a keno manager or keno supervisor.
(b) The authority to develop or administer policy or long-range plans or to make discretionary decisions regulating gambling operations, including, without limitation, a person who does any of the following:
(i) Functions as a director, officer, or comparable noncorporate employee of the casino licensee or supplier licensee.
(ii) Functions as a casino manager;
(iii) Functions as a slot department manager.
(iv) Functions as a director of surveillance.
(v) Functions as a director of security.
(vi) Functions as a controller.
(vii) Functions as a credit manager.
(viii) Functions as an audit department executive.
(ix) Functions as a management information system department manager.
(x) Manages a marketing department.
(xi) Functions as an assistant manager of a casino department.
(xii) Manages casino administrative operations.
(xiii) Has authority to authorize the issuance of patron credit or cash complimentaries in the amount of $10,000.00 or more.

(xiv) Functions as an audit manager.
(xv) Supervises a person required to hold an occupational license, level 1.
(c) The authority to develop or administer policy or long-range plans or to make discretionary decisions regulating the management of a casino enterprise and other casino operations including, without limitation, a person who does any of the following:
(i) Manages the operation of a hotel.
(ii) Manages the nongaming entertainment activities of the casino licensee.
(iii) Manages the food and beverage operations of the casino licensee.
(iv) Manages the personnel and human resource activities of the casino licensee.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1333 Occupational license, level 2.

Rule 333. An individual who will be employed by a casino licensee or supplier licensee and whose employment duties predominantly involve the maintenance, servicing, repair, or operation of gambling games, gaming, gaming machines, devices or equipment, or assets associated with the casino licensee or supplier licensee, or regularly requires work in a restricted casino area shall hold, before employment, a current and valid occupational license, level 2, unless required to hold an occupational license, level 1, including, without limitation, a person who is or does any of the following:
(a) Functions as a dealer.
(b) Functions as a boxperson.
(c) Functions as a floorperson.
(d) Performs under the supervision of an audit department manager, the duties and responsibilities of the internal audit department, including, without limitation, all of the following:
(i) The supervision of internal audit department personnel.
(ii) The monitoring of compliance with regulations and internal controls.
(iii) The evaluation of the adequacy of accounting and administrative control.
(e) Performs under the supervision of a controller, the duties and responsibilities of the casino accounting department, including, without limitation, all of the following:
(i) The supervision of personnel in the casino accounting department.
(ii) Overseeing the review, verification, and recordation of casino revenue journal entries.
(iii) The processing or control of active accounting documents related to casino gaming activity.
(f) Has access to active accounting documents related to casino gaming activity.
(g) Conducts surveillance investigations and operations.
(h) Repairs and maintains slot machines and bill changers.
(i) Assists in the operation of slot machines and bill changers, including, without limitation, a person who participates in manual jackpot payouts and fills payout reserve containers, or who supervises such persons.
(j) Participates in the operation of keno wagering.
(k) Identifies persons or groups of patrons to receive complimentaries based on actual patron play, authorizes complimentaries, or determines the amount of the complimentaries.
(l) Analyzes casino operations data and makes recommendations to managerial employees relating to, without limitation, all of the following:
(i) Casino marketing.
(ii) Complimentaries.
(iii) Junkets.
(iv) Gaming.
(v) Keno wagering.
(vi) Special events.
(vii) Promotions.
(viii) Player ratings.
(m) Enters data in gaming-related computer systems or develops, maintains, installs, or operates gaming-related computer software systems.
(n) Collects and records patron checks and personal checks that are dishonored and returned by a bank.

(o) Develops marketing programs to promote casino gaming including, without limitation, coupon redemption and other complimentary distribution programs.
(p) Distributes, redeems, accounts for, or inventories coupons that are considered in the calculation of gross revenue.
(q) Processes or maintains information on credit applications or the redemption of counter checks.
(r) Processes coins, currency, gaming chips, gaming plaques, slot tokens or cash equivalents.
(s) Repairs or maintains the closed circuit television system equipment that is required by these rules.
(t) Is being trained to become a surveillance employee.
(u) Provides physical security in a casino, casino simulcasting facility or restricted casino area.
(v) Controls and maintains the slot machine inventory, including replacement parts, equipment and tools used to maintain slot machines.
(w) Performs as the secretary to the supervisor of the surveillance department, internal audit department, casino accounting department or credit department.
(x) Repairs gaming equipment other than slot machines.
(y) Performs responsibilities associated with the installation, maintenance or operation of computer hardware for casino computer systems.
(z) Supervises a person required to be licensed as a casino employee.
(aa) An employee of a casino gambling operation whom the board deems necessary to be licensed to ensure compliance with the act and these rules and to protect the public and ensure the credibility and integrity of gaming in the state.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1334 Occupational license, level 3.

Rule 334. An individual who will be employed by a casino licensee or supplier licensee and whose employment duties do not require a level 1 or level 2 occupational license, but are performed in the casino gaming area or affect gambling operations, shall hold, before employment, a current and valid occupational license, level 3, including, without limitation, a person who is or does the following:
(a) Serves food or beverages in the casino gaming area to gaming patrons.
(b) An employee of a casino licensee or supplier licensee whom the board requires to be licensed to ensure compliance with the act and these rules and to protect the public and ensure the integrity and credibility of gaming in the state.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1335 Management of gambling operations.

Rule 335. A person who applies for and holds a level 1 occupational license to manage gambling operations at a casino may manage gambling operations for only 1 casino licensee.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1336 Applications for occupational licenses.

Rule 336. (1) An applicant for an occupational license, level 1 or level 2, shall complete and submit an application and personal disclosure form to the board. The applicant shall submit the application and disclosure form in the manner and form prescribed by the board at the board's principal office in Ingham county, Michigan, or other location specified by the board. The application and personal disclosure forms prescribed by the board may require the applicant to provide any of the following information and documents with respect to the applicant:
(a) Name, including any aliases or nicknames.
(b) Date of birth and copy of his or her birth certificate.
(c) Physical description.
(d) Current address and residence history.
(e) Social security number.
(f) Citizenship and, if applicable, information regarding resident alien status.
(g) Marital history, dependents, and other family data.

(h) The casino licensee, supplier licensee, or applicant with whom the applicant is associated or employed, and the nature of the applicant's position with or interest in the licensee or applicant.
(i) Current home and business or work telephone numbers.
(j) Employment history of the applicant and the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship.
(k) Education and training.
(l) Record of military service.
(m) Government positions and offices presently and previously held, and offices, trusteeships, directorships, or fiduciary positions presently or previously held with any business entity.
(n) Other trusteeships or fiduciary positions presently or previously held by the applicant or the applicant's spouse or immediate family, or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship, and any denial, suspension, or removal from a trusteeship or fiduciary position.
(o) Current or recent memberships in any social, labor, or fraternal union, club, or organization.
(p) Licenses and other government permits or approvals presently and previously held by the applicant or the applicant's spouse or other members of the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship in this state and any other jurisdiction and any related history of compliance and disciplinary action regarding the licenses.
(q) A denial, suspension, or revocation by a government agency of any license, permit, or certification held by, or applied for by, the applicant or the applicant's spouse or immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship, or by any entity in which the applicant or the applicant's spouse or other member of the applicant's immediate family was a director, officer, partner, or owner of a 5% or greater interest.
(r) An applicant's, applicant's spouse's, or an applicant's immediate family member's, present or previous interest in, or employment with, an entity that has applied for a license, permit, certificate, or finding of qualification or suitability in connection with a gambling or alcoholic beverage operation in this state or any other state.
(s) Criminal history of the applicant and the applicant's immediate family or any other person the board determines is, or was in the past four years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship.
(t) History of civil litigation and any other civil or administrative proceedings in which the applicant, the applicant's immediate family, or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship were parties.
(u) Political contributions by the applicant, the applicant's immediate family or any other person the board determines is, or was in the past 4 years, able to significantly influence or control the applicant by reason of business, financial, personal, or social association or relationship to state and local candidates within 1 year of the application.
(v) All of the following financial information for the applicant and for the applicant's spouse and dependents:
(i) Statement of assets and liabilities and net worth.
(ii) Bank accounts.
(iii) Loans.
(iv) Notes.
(v) Real estate interests.
(vi) Mortgages and liens.
(vii) Life insurance.
(viii) Pension funds.
(ix) Real estate and income tax payables.
(x) Vehicles.
(xi) Other assets.

(w) Copies of local, state, and federal tax returns of the applicant.
(x) Judgments and petitions for bankruptcy or insolvency concerning the applicant or any business entity in which the applicant held a 5% or more interest, other than a publicly traded company, or in which the applicant served as an officer or director.
(y) A garnishment or attachment of wages, charging order or voluntary wage execution, or other formal proceedings to adjust, defer, suspend, or otherwise work out the payment of a debt of the applicant.
(z) Information as to whether the applicant has failed to pay, in a timely manner, any present or previous local, state, or federal taxes that are or were delinquent for any time period.
(aa) Life insurance policies on the applicant's life naming someone other than the applicant's family as beneficiary.
(bb) Whether the applicant has ever been bonded for any purpose or has been denied any type of bond and the reasons for the denial.
(cc) Other confidential financial and business information.
(dd) The information specified and required by the act, including a photograph and 2 sets of fingerprints of the applicant taken at a time or place, or both, specified by the board.
(ee) All required waivers and affidavits prescribed by the board.
(ff) Other information or documents that the board deems necessary and relevant to determine the applicant's identity, eligibility, qualifications, and suitability for licensure under the act or these rules.
(2) An applicant for an occupational license, level 3, shall complete and submit 1 copy of an application to the board. The applicant shall submit the application in the manner and form prescribed by the board. The board may require the applicant to provide any of the following information and documents:
(a) The applicant's name, including any aliases or nicknames.
(b) Date of birth.
(c) Physical description.
(d) Current address and residence history.
(e) Social security number.
(f) Employment history.
(g) Education and training.
(h) Criminal history.
(i) Previous bankruptcies of the applicant and garnishments, attachments, charging orders, or other formal proceedings to adjust, defer, suspend, or otherwise work out the payment of a debt of the applicant.
(j) Whether the applicant has ever been bonded or been denied any type of bond.
(k) The information specified and required by the act, including a photograph and 2 sets of fingerprints of the applicant taken at the time of submission of the application.
(l) All required waivers and affidavits prescribed by the board.
(m) Copies of local, state, and federal tax returns of the individual.
(n) Other information that the board deems necessary and relevant to determine the applicant's eligibility, qualifications, and suitability for licensure under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1337 Occupational licensing procedures.

Rule 337. (1) An applicant for an occupational license shall submit, together with the required application fee, a completed application that has been endorsed by an authorized representative of the licensee or license applicant for whom the applicant will be employed if the applicant is licensed.
(2) After the board has received the completed occupational license application, appropriate application fee, photograph, and fingerprints, the executive director and members of the Michigan state police assigned to assist the board shall review the applicant's application and conduct a criminal history check on the applicant.
(3) If a preliminary review of the application and the criminal history check does not uncover or indicate any apparent deficiencies in the application or other circumstances that may require denial of the application under the licensing standards of the act and these rules, then the executive director may issue a temporary occupational license to the applicant. The temporary occupational license authorizes the applicant to perform the employment duties for which the license is sought, pending board action on the applicant's

license application. A temporary license issued under this rule is valid for not more than 90 days, but may be renewed upon expiration by the executive director if the criteria in this subrule are satisfied.
(4) A temporary occupational licensee shall receive a temporary identification badge. The color of the temporary identification badge shall be different from the occupational license identification badge that is given to an occupational licensee upon issuance of a full occupational license. The temporary identification badge shall contain and display information as prescribed by the board.
(5) Temporary occupational licensees shall wear and clearly display their temporary identification badge at all times during work hours at the casino.
(6) A person shall pay a fee of $10.00 to the board for any necessary replacement of a temporary identification badge.
(7) A temporary identification badge shall not be transferred and shall be immediately returned to the board if the temporary licensee resigns or if his or her employment at the casino is terminated.
(8) If, upon further investigation and review of the temporary licensee's application, the executive director determines that the applicant is not eligible or suitable for licensure under the act and these rules, then the executive director may, upon written notice to the licensee and the licensee's employer, suspend or revoke the temporary license and order the immediate return of the temporary identification badge to the board.
(9) If a temporary occupational license expires, is suspended, or is revoked, then the licensee shall not continue his or her employment and shall not perform the work duties for which the licensee is licensed.
(10) If an applicant's temporary license expires, is suspended, or is revoked, then the executive director shall immediately forward the temporary licensee's application to the board for action together with a written report to the board recommending granting or denying the application. The executive director's report shall state the reasons for his or her recommendation for board action on the application.
(11) An occupational license applicant shall, before issuance of an occupational license, have the burden of producing the information, documentation, and assurances in his or her application to establish, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable to receive the occupational license for which application is made, under the licensing standards in the act and these rules.
(12) The applicant shall demonstrate, to the board, a level of skill, knowledge, or experience reasonably necessary to perform the job duties required for the occupational license for which application is made. However, an applicant may still be employed by a casino licensee or casino license applicant to perform the duties if the casino licensee or casino license applicant agrees to provide necessary training to the applicant.
(13) Unless waived by the board, an applicant whose name appears on the exclusion list of any jurisdiction, or who has had a gaming-related license suspended or revoked in any jurisdiction by reason of theft, dishonesty, or fraud, is not eligible, qualified, or suitable to be issued an occupational license.
(14) An applicant shall also be in substantial compliance with all local, state, and federal tax laws, have good moral character, reputation, and integrity, and comply with any other licensing standard that the board deems necessary to ensure compliance with the act and these rules and protect the public and the credibility and integrity of gaming in the state.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1338 Board action on occupational license applications.

Rule 338. (1) After the completion of the background investigation, the executive director shall report to the board, in writing, regarding the staff's background investigation of the occupational license applicant. Upon receipt of the executive director's report, the board shall grant or deny the application.
(2) If the board grants the application, it shall direct the executive director to issue an occupational license upon the payment of the biennual licensing fee. If the applicant's biennual licensing fee is not received by the board within 14 days after the date of the mailing of the notification of the applicant's suitability for licensure to the applicant, then the board shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.
(3) If the board denies the application, then it shall direct the executive director to issue the applicant a notice of denial by personal delivery or certified mail.
(4) A notice of denial does not constitute a finding that the applicant is ineligible, unqualified, or unsuitable to be licensed unless the applicant fails to request a hearing in a timely manner under part 7 of these rules

to contest the denial. If the applicant fails to a hearing in a timely manner, then the notice of denial becomes the final order of the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1339 Requirements for occupational license and identification badge.

Rule 339. (1) Upon a finding of suitability for licensure and payment of the appropriate biennial license fee, the board shall issue an occupational license and license identification badge for the applicant. The license and badge shall be in the form prescribed by the board.
(2) The occupational license shall contain all of the following information:
(a) The occupational licensee's first name, last name, and job title.
(b) The occupational license number assigned by the board.
(c) The level of the occupational license.
(d) The signature of the executive director.
(e) The date that the occupational license was issued and the date that the occupational license will expire.
(f) Other information prescribed by the board.
(3) The casino licensee or supplier licensee shall actually receive and possess the occupational licenses for the respective occupational licensees it employs.
(4) If the occupational licensee voluntarily terminates employment with a casino licensee or supplier licensee, then the casino licensee or supplier licensee shall return the occupational license to the occupational licensee. If the occupational licensee's employment is involuntarily terminated for misconduct that may reflect on the occupational licensee's suitability for licensure, or if the occupational licensee retires without an intent to seek employment with a different licensee, the employer shall return the occupational license to the board.
(5) The occupational license shall remain the property of the board at all times.
The occupational license may be revoked, suspended, canceled, or restricted by the board. The board may refuse to renew the license when it is reviewed under these rules.
(6) Neither the occupational license nor the licensee identification badge shall be transferred to another person. If the occupational licensee resigns or the occupational licensee's employment is terminated and the occupational licensee does not intend to seek employment with a different licensee, then the occupational licensee shall return the permanent identification badge to the board.
(7) The licensee identification badge shall be a card of a color designated by the board and meet the specifications of these rules. The color of the licensee identification badge shall be different from the color of the temporary identification badge.
(8) An occupational licensee shall wear and clearly display the license identification badge during work hours.
(9) A licensee shall pay a fee of $10.00 paid to the board for any necessary replacement of a licensee identification badge or the occupational license. The board shall assess the fee each time an occupational licensee obtains a replacement identification badge or occupational license.
(10) If an occupational licensee becomes employed by a different casino licensee, then the occupational licensee shall request a replacement identification badge from the board.
(11) The licensee identification badge shall be a card of the appropriate color that meets all of the following requirements:
(a) The front side of the identification badge shall be in compliance with all of the following provisions:
(i) Be a card bearing the name and logo of the casino gambling operation.
(ii) Display the applicant's photograph.
(iii) Display the applicant's first name and job title.
(iv) Display the occupational license number assigned by the board.
(v) Display the level of the occupational license.
(vi) Display the signature of the executive director.
(vii) Display the date the identification badge and occupational license were issued and the date that the identification badge and occupational license will expire.
(b) The back side of the identification badge shall be in compliance with all of the following provisions:
(i) Display the applicant's signature and the applicant's first and last name.

(ii) Display the applicant's date of birth.
(iii) List the applicant's security clearance levels and tracking the applicant's entry into and exit from secured areas of the casino.
(iv) Display other information deemed necessary by the board to identify the occupational licensee, the casino of employment, the appropriate level of occupational license, and any conditions or restrictions that have been placed on the occupational license.
(c) The board shall ensure that identification badges are constructed so that the badges can be easily affixed to, and displayed clearly on, an occupational licensee's clothing.
(d) The licensee identification badges shall remain the property of the board at all times.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1340 Reapplication for denied license.

Rule 340. (1) A person whose application for an occupational license has been denied may not, without leave of the board, reapply for an occupational license of the same or higher level for a period of 1 year from the date on which the board voted to deny the application.
(2) A person whose application for an occupational license was denied may seek leave of the board to reapply within the 1 year period by addressing the request to the board through the executive director. The board may require the applicant to present oral or written argument to the board outlining why an exception should be made.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1341 Biennial renewal of occupational licenses.

Rule 341. (1) An occupational license may be renewed biennially.
(2) An occupational licensee shall request renewal of the license, on a form prescribed by the board, not less than 30 days before the expiration of the occupational license. The occupational licensee shall complete the form and provide the board with any information or documents that the board deems necessary to confirm the licensee's identity and determine the licensee's continued eligibility, suitability, and qualification to have his or her occupational license renewed under licensing standards set forth in the act and this part. The license renewal request form shall include information related to all of the following about the licensee:
(a) Integrity.
(b) Reputation.
(c) Moral character.
(d) Employment history.
(e) Criminal record.
(f) Past history of licensure.
(g) Administrative law abidance.
(h) Civil litigation.
(i) Financial responsibility.
A licensee shall submit the form requesting renewal of an occupational license with the biennial license fee. The board may perform a background investigation on any occupational licensee seeking renewal of any license. The board may require that the investigation cost be charged to the occupational licensee.
(3) The board may refuse to renew an occupational license if the occupational licensee no longer meets the requirements set forth in the act and these rules.
(4) The executive director shall investigate and review the licensee's renewal application and shall report, in writing, to the board whether the licensee is eligible, qualified, and suitable to have its occupational license renewed.
(5) The licensee shall pay the board for any additional background investigation charge assessed by the board under these rules.
(6) Upon receipt and review of the executive director's report, the board shall decide whether to renew.
(7) If the board decides to renew the license, then it shall direct the executive director to issue a new license to the applicant.
(8) If the board decides not to renew a license, then it shall direct the executive director to issue a notice of denial to the applicant by certified mail.

(9) A copy of the executive director's report to the board and notice of renewal or notice of denial issued by the board shall be served on the licensee and the city.
(10) An occupational licensee who is served with a notice of denial under this rule may request a hearing under part 7 of these rules.
(11) The notice of denial shall not constitute a finding by the board that the occupational licensee is ineligible, unqualified, or unsuitable for licensure or is otherwise in violation of the licensing requirements of the act or rules of the board, unless the licensee fails to request a hearing in a timely manner under part 7 of the rules.
(12) If the licensee does not request a hearing in a timely manner, then the notice of denial becomes the final order of the board.
History: 1998 MR 6, Eff. June 24, 1998.

PART 4. PUBLIC OFFERING OF DEBT OR EQUITY FOR MICHIGAN CASINOS

R 432.1401 Applicability.

Rule 401. (1) This part applies to a publicly traded corporation applying for or holding a casino license or supplier license in Michigan, and to persons applying for or holding a casino license or supplier license in Michigan that are owned, directly or indirectly, by a publicly traded corporation, whether through a subsidiary or intermediary company of a publicly traded corporation, if the ownership interest is, directly or indirectly, or will be upon approval by the board, more than 5% of the person applying for or holding the casino license or supplier license.
(2) This part also applies to persons, other than publicly traded corporations, that apply for or hold a casino license or supplier license in Michigan or have or will have, upon approval of the board, more than a 5% ownership interest in a person that has applied for or holds a casino license or supplier license in Michigan and makes a public offering of its debt securities.
(3) If the board determines that a publicly traded corporation, a subsidiary, an intermediary company, a holding company of a publicly traded corporation, or other person has the actual ability to exercise influence over a person applying for or holding a casino license or supplier license in Michigan, regardless of the percentage of ownership possessed by the publicly traded corporation, subsidiary, intermediary company, holding company of a publicly traded corporation, or other person, the board may require that person to comply with this part.
(4) This part shall not apply to an institutional investor unless it has more than a 15% interest in a person applying for or holding a casino license or supplier license or does not meet the standards of section 6c(1) of the act for waiver of the eligibility and suitability requirements for qualification or licensure under the act or these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1402 Public offerings.

Rule 402. A person applying for or holding a casino license or supplier license in Michigan, or a person that has, or upon board approval will have, more than a 5% ownership interest in a person applying for or holding a casino license or supplier license in Michigan, that commences a public offering of debt or equity securities shall notify the board with regard to a public offering of the securities required to be registered with the securities and exchange commission or with regard to any other type of public offering not later than 10 business days after the initial filing of a registration statement with the securities and exchange commission or, with regard to any other type of public offering, not later than 10 business days before the public use or distribution of any offering document, if either of the following provisions applies:
(a) The person that is applying for or holding the casino license or supplier license, or other person that has, or upon board approval will have, more than a 5% ownership interest in a person that is applying for or holding the casino license or supplier license, and that intends to issue the securities is not a publicly traded corporation.
(b) The person applying for or holding the casino license or supplier license, or other person that has, or upon board approval will have, more than a 5% ownership interest in a person applying for or holding the casino

license or supplier license, and that intends to issue the securities is a publicly traded corporation and the proceeds of the offering, in whole or in part, are intended to be used for any of the following purposes:
(i) To pay for the construction of a casino or a casino enterprise to be owned or operated by a person applying for or holding the casino license or supplier license in Michigan.
(ii) To acquire any direct or indirect ownership interest in a casino or casino enterprise located in Michigan or in a supplier licensee.
(iii) To finance the operation of a casino or casino enterprise in Michigan by a person applying for or holding a casino license or supplier license.
(iv) To retire or extend obligations incurred for 1 or more purposes set forth in paragraph (i), (ii), or (iii) of this subdivision.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1403 Notice of public offering.

Rule 403. A person notifying the board of a public offering shall disclose all of the following information:
(a) A description of the securities to be offered.
(b) The proposed terms upon which the securities are to be offered.
(c) The anticipated gross and net proceeds of the offering, including a detailed list of expenses.
(d) The use of the proceeds.
(e) The name and address of the lead underwriter, if any.
(f) The form of the underwriting agreements, if any, the agreement underwriters, if any, and the selected dealers agreements, if any.
(g) A statement of intended compliance with all applicable federal, state, local, and foreign securities laws.
(h) The names and addresses of the issuer's counsel for the public offering, independent auditors, and special consultants for the offering.
(i) If any securities to be issued are not to be offered to the general public, then the general nature of the offerees and the form of the offering.
(j) Any other offering material requested by the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1404 Fraudulent and deceptive practices prohibited.

Rule 404. A disciplinary action may be initiated against a person applying for or holding a casino license or supplier license, or other person covered by this part, if any of the following provisions apply to the person in connection with the purchase or sale of any security issued by a person covered by this part:
(a) The person is found guilty of a violation of rule 10b-5, 17 C.F.R.
§ 240.10(b)-5 promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C., § 78(j).
(b) The person pleads nolo contendere to a violation of rule 10b-5, 17 C.F.R.
§ 240.10(b)-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C., § 78(j).
(c) The person is the subject of a final cease and desist order with respect to a violation of rule 10b-5, 17 C.F.R. § 240.10(b)-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C., § 78(j).
(d) The person is subject to an order of permanent injunction issued on the basis of a violation of rule 10b-5, 17 C.F.R. § 240.10(b)-5 promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C., § 78(j).
(e) The person is the subject of a similar final action taken on the basis of a violation of rule 10b-5, 17 C.F.R. §240.10(b)-5, promulgated by the securities and exchange commission under section 10(b) of the securities exchange act of 1934, 15 U.S.C., § 78(j).
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1405 Submission of proxy and information statements.

Rule 405. Each publicly traded corporation that applies for or holds a casino license or supplier license shall, within 10 business days after distributing, to its security holders, a proxy statement or information

statement that is subject to regulation 14A or 14C of the securities and exchange commission, submit the proxy statement or information statement to the board.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1406 Reporting requirements.

Rule 406. (1) A publicly traded corporation or other person that applies for or holds a casino license or supplier license and that files any of the following shall, within 10 business days of filing the documents with the securities and exchange commission, file 3 copies of the document with the board:
(a) Form 10.
(b) Form 10-Q.
(c) Form 10-K.
(d) Form 8-K.
(e) Form 1-A.
(f) Registration Statement S-1.
(g) Registration Statement SB-2.
(h) Registration Statement 10-SB.
(i) Report 10-KSB.
(j) Report 10-QSB.
(k) Schedule 13e-3.
(l) Schedule 14D-9.
(m) A filing required by rule 14f-1 promulgated under the securities exchange act of 1934, 15 U.S.C. § 78a et seq.
(2) A publicly traded corporation or other person that applies for or holds a casino license or supplier license and that receives any material document filed with the securities and exchange commission by any other person relating to the publicly traded corporation shall, within 10 business days after receipt of the material, file 1 copy of the document with the board.
(3) A publicly traded corporation or other person that applies for or holds a casino license or supplier license shall file a list of record holders of its voting securities with the board annually.
(4) A person applying for or holding a casino license or supplier license shall report, to the board, the election or appointment of a director, or officer of that applicant or licensee, or a holding company of that applicant or licensee, who is actively and directly engaged in the administration or supervision of that applicant or licensee.
(5) Within 10 business days of when a person becomes aware of the transaction, a person that applies for or holds a casino license or supplier license shall advise the board, in writing, when a key person or substantial owner of the publicly traded corporation has disposed of the person's voting securities.
(6) Within 30 days of a board request or at another time established by the board, a person who applies for or holds a casino license or supplier license and all other persons covered by this part shall file any other document requested by the board to ensure compliance with the act or this part.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1407 Required charter provisions.

Rule 407. (1) A person covered by this part that applies for or holds a casino license shall include all of the following provisions, or similar provisions approved by the board under subsection (c), in its organizational documents:
"The [corporation] [partnership] [limited liability company] shall not issue more than five percent (5%) of any voting securities or other voting interests to a person except in accordance with the provisions of the Michigan Gaming Control and Revenue Act, MCL 432.201 et. seq. and the rules promulgated thereunder.
(a) The issuance of any voting securities or other voting interests in violation thereof shall be void and such voting securities or other voting interests shall be deemed not to be issued and outstanding until one (1) of the following occurs:
(1) The [corporation] [partnership] [limited liability company] shall cease to be subject to the jurisdiction of the board.
(2) The board shall, by affirmative action, validate said issuance or waive any defect in issuance.

(b) No voting securities or other voting interests issued by the [corporation] [partnership] [limited liability company] and no interest, claim, or charge of more than five percent (5%) therein or thereto shall be transferred in any manner whatsoever except in accordance with the provisions of the act and rules promulgated thereunder. Any transfer in violation thereof shall be void until one (1) of the following occurs:
(1) The [corporation] [partnership] [limited liability company] shall cease to be subject to the jurisdiction of the board.
(2) The board shall, by affirmative action, validate said transfer or waive any defect in said transfer.
(c) If the board at any time determines that a holder of voting securities or other voting interests of this [corporation] [partnership] [limited liability company] shall be denied the application for transfer, then the issuer of such voting securities or other voting interests may, within thirty (30) days after the denial, purchase such voting securities or other voting interests of such denied applicant at the lesser of:
(1) the market price of the ownership interest; or
(2) the price at which the applicant purchased the ownership interest; unless such voting securities or other voting interests are transferred to a suitable person (as determined by the board) within thirty (30) days after the denial of the application for transfer of ownership.
(d) Until such voting securities or other voting interests are owned by persons found by the board to be suitable to own them, the following restrictions must be followed:
(1) The [corporation] [partnership] [limited liability company] shall not be required or permitted to pay any dividend or interest with regard to the voting securities or other voting interests.
(2) The holder of such voting securities or other voting interests shall not be entitled to vote on any matter as the holder of the voting securities or other voting interests, and such voting securities or other voting interests shall not for any purposes be included in the voting securities or other voting interests of the [corporation] [partnership] [limited liability company] entitled to vote.
(3) The [corporation] [partnership] [limited liability company] shall not pay any remuneration in any form to the holder of the voting securities or other voting interests as provided in this paragraph." (2) A person covered by this part that applies for a casino license shall be in compliance with subrule (1) of this rule before the board issues a license.
(3) A person who applies for or holds a casino license shall submit charter provisions similar to the provisions in subrule (1) of this rule to the board not less than 30 days before the public offering for approval. The board shall notify the person, in writing, that the charter provisions are acceptable.
History: 1998 MR 6, Eff. June 24, 1998.

PART 5. TRANSFER OF OWNERSHIP

R 432.1501 Applicability of part; transfer of ownership interest; limitation.

Rule 501. (1) An interest in a person applying for or holding a casino license or supplier license may only be transferred in accordance with this part. (2) This part applies to a person that transfers or acquires more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan. This part also applies to a person that will, as a result of an acquisition approved by the board, have acquired an interest totaling more than 5% of a publicly traded corporation that applies for or holds a casino license or supplier license.
(3) This part does not apply to an institutional investor that acquires or will acquire, upon approval of the board, less than 10% of the equity securities of a person that applies for or holds a casino license or supplier license and that meets the standards for waiver of the eligibility and suitability requirements for qualification and licensure under the act and these rules.
(4) This part applies to a person that transfers or acquires more than a 1% interest in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in Michigan. This part also applies to a person who will, as a result of an acquisition approved by the board, acquire an interest totaling more than 1% in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in Michigan.
(5) The board shall not approve a transfer of any interest that is more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or a supplier license in Michigan unless the board

first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.
(6) The board shall not approve a transfer of any interest that, upon board approval, will result in a person acquiring an interest of more than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan, unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.
(7) The board shall not approve a transfer of any interest that is more than a 1% interest in a person that is not a publicly traded corporation and that has applied for or holds a casino license or a supplier license in Michigan unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.
(8) The board shall not approve a transfer of any interest that, upon board approval, will result in a person acquiring an interest of more than 1% in a person, other than a publicly traded corporation, that has applied for or holds a casino license or supplier license in Michigan, unless the board first determines the individual qualifications of each person that acquires the interest in accordance with the relevant qualification and licensing standards set forth in the act and these rules.
(9) The organizational documents of all persons who have applied for or hold a casino license or supplier license shall contain a provision that transfers of ownership interest in the applicant or licensee may only be made in accordance with this rule before the issuance of the license for which application is made.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1502 Application for transfer of ownership.

Rule 502. (1) A person desiring to acquire an ownership interest in a person applying for or holding a casino license or supplier license shall complete and submit application and disclosure forms, in the manner and form prescribed by the board, for qualification as part of an application for a casino license or supplier license as set forth in part 3 of these rules and shall submit a request for board approval of the transfer of ownership interest. (2) A person desiring to acquire an interest in a person applying for or holding a casino license or supplier license shall present evidence that the person desiring to acquire the interest is eligible, qualified, and suitable under the standards and criteria for qualification and licensure set forth in the act and these rules. The person desiring to acquire the interest bears the burden of proving his or her eligibility, qualifications and suitability by clear and convincing evidence.
(3) A person applying for or holding a casino license or supplier license that is attempting to transfer an ownership interest shall submit any information or documentation deemed necessary by the board to ensure compliance with the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1503 Transfer application fees.

Rule 503. (1) Unless otherwise provided by the board, a person desiring to acquire an interest subject to this part shall submit an application fee in the amount required for the applicable class of license in accordance with the act and part 3 of these rules.
(2) An application fee shall be utilized to conduct the background investigation of the person desiring to acquire an interest subject to this part. An additional investigation fee may be assessed to the extent that the cost of the background investigation relating to the person desiring to acquire an interest subject to this part exceeds the investigation fee submitted under subrule (1) of this rule. The executive director shall advise the applicant, in writing, that an additional investigation fee is required. The letter shall direct the person to remit an amount that the executive director has determined is necessary to complete the investigation. Once a person desiring to acquire an interest under this part is directed to submit an investigation fee in excess of the amount set forth in subrule (1) of this rule, then the investigative team conducting the investigation of the person shall notfinalize the report on the person's suitability for obtaining an ownership interest, nor submit the report to the board for consideration, until the additional investigation fee is paid by the person.

(3) If an assessed investigation fee is more than the final cost of the investigation, then the board shall refund the excess investigation fee to the person desiring to acquire the interest covered by this part.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1504 Required qualification; waiver for institutional investors.

Rule 504. (1) A person, other than an institutional investor who complies with R 432.501(3) and subrule (2) of this rule, who, individually or in association with others, acquires any interest, directly or indirectly, that is either of the following shall apply to the board for a finding of suitability within 45 days after acquiring the interest:
(a) More than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan or that is the holding company or intermediary company of the publicly traded corporation or which acquisition, upon approval by the board, will result in the person acquiring more than a 5% interest in a publicly traded corporation that has applied for or holds a casino license or supplier license in Michigan or that is the holding company or intermediary company of the publicly traded corporation.
(b) More than 1% in a person that is not a publicly traded corporation and that has applied for or holds a casino license or a supplier license in Michigan or which acquisition, upon approval by the board, will result in the person acquiring more than a 1% interest in a person that is not a publicly traded corporation and that has applied for or holds a casino license or supplier license in Michigan.
(2) An institutional investor who, individually or in association with others, acquires, directly or indirectly, beneficial ownership of a person that has applied for or holds a casino license or supplier license shall notify the board within 10 business days after the institutional investor acquires the interest or files form 13-D or 13-G with the securities and exchange commission, or both, and shall provide additional information, and may be subject to a finding of suitability, as required by the board.
(3) An institutional investor who acquires more than 10% of an interest in a person that has applied for or holds a casino license or supplier license in Michigan may apply to the board for a waiver of the eligibility and suitability requirements of the act and these rules if the total interest held by the institutional investor is not more than 15%. Unless otherwise provided by the board, an application for a waiver shall include all of the following information:
(a) A description of the institutional investor's business and a statement as to why the institutional investor is within the definition of institutional investor.
(b) A certification made under oath and subject to the penalty of perjury that the interest was acquired, and is being held, for investment purposes only and was acquired, and is being held, in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the board of directors or any change in the corporate charter, bylaws, management, policies, or operations of the person in which the institutional investor has acquired the interest. The signatory shall also certify that it is not its current intention to influence or affect the affairs of the person in which it has acquired the interest. In addition, the signatory shall explain the basis of his or her authority to sign the certification and to bind the institutional investor to its terms. The certification shall also provide that the institutional investor agrees to be bound by, and comply with, the act and this part, is subject to the jurisdiction of the courts of Michigan, and consents to Michigan as the choice of forum if a dispute, question, or controversy arises regarding the application of this rule.
(c) The name, address, telephone number, and social security number of the officers and directors, or their equivalent, of the institutional investor as well as those persons who have direct control over the institutional investor's holdings of voting securities of the person in which the institutional investor has acquired the interest.
(d) The name, address, telephone number, and social security number or federal tax identification number of each person who has the power to direct or control the institutional investor's exercise of its voting rights as a holder of voting securities of the person in which it has acquired the interest.
(e) The name of each person who beneficially owns more than 5% of the institutional investor's voting securities or other equivalent.
(f) To the extent known by the institutional investor, a list of the institutional investor's affiliates that have more than a 5% interest in the institutional investor.

(g) A list of all equity securities of the person in which the institutional investor has acquired an interest subject to this part that are or were, directly or indirectly, beneficially owned by the institutional investor or its affiliates within the preceding 1-year period. This list shall set forth a description of the securities, the amount of the securities, and the date of the acquisition or sale, or both.
(h) A list of all regulatory agencies with which the institutional investor or any of its affiliates that beneficially own equity securities of the person in which it has acquired an interest subject to this part files periodic reports, and the name, address, and telephone number of the person, if known, to contact at each agency regarding the institutional investor.
(i) To the extent known, a disclosure of all criminal sanctions imposed against the institutional investor, its affiliates, and any of its current or former officers or directors during the preceding 10 years. A disclosure of all regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed against the institutional investor, its affiliates, or any of its current officers or directors in the preceding 5 years, or any former officer or director whose tenure ended within the preceding 12 months.
(j) A copy of any filing made under 15 U.S.C. § 18a with respect to the acquisition or proposed acquisition of securities of the person in which it has acquired the interest subject to this part.
(k) Any additional information the board may request to ensure compliance with the act and these rules.
(4) Each institutional investor who, individually or in association with others, acquires, directly or indirectly, the beneficial ownership or more than 15% of an equity interest in a person that has applied for or is the holder of a casino license or supplier license or that is the holding company or intermediary of a person that has applied for or is the holder of a casino license or supplier license, shall apply to the board for approval of the acquisition within 45 days after acquiring the interest.
(5) The board may require that any person seeking approval to acquire and hold ownership interest subject to this part apply for a finding of suitability in accordance with this rule if the board deems the finding of suitability necessary to ensure compliance with the act and these rules.
(6) The following activities shall be deemed to be consistent with holding equity securities for investment purposes only under subrule (3)(b) of this rule:
(a) Voting, directly or indirectly, through the delivery of a proxy furnished by the board of directors, on all matters voted on by the holders of the voting securities.
(b) Serving as a member of a committee of creditors or security holders formed in connection with a debt restructuring.
(c) Nominating a candidate for election or appointment to the board or directors in connection with a debt restructuring.
(d) Accepting appointment or election as a member of the board of directors in connection with a debt restructuring and serving in that capacity until the conclusion of the member's term.
(e) Making financial and other inquiries of management of the type normally made by securities analysts for information purposes and not to cause a change in its management, policies, or operations.
(f) Other activities that the board determines to be consistent with the investment intent.
(7) A person created under the laws of a foreign country, who acquires an interestof more than 5% in a publicly traded corporation that has applied for or holds a casino license or supplier license or more than 1% in a nonpublicly traded person that has applied for or holds a casino license or supplier license, shall file reports as the board may prescribe and is subject to a finding of suitability under the act.
(8) A person whose application to be qualified to acquire and hold an interest in a person that has applied for or holds a casino license or supplier license in Michigan is denied by the board shall not hold, directly or indirectly, an equity interest in the licensee or applicant beyond the period of time prescribed by the board and shall be removed immediately from a position as a director, officer, key person, or employee of the person.
(9) These rules do not apply to an underwriter during the first 90 days of the underwriting.
(10) A person applying for or holding a casino license or supplier license in Michigan shall notify a person desiring to acquire an interest subject to this part of the requirements of this rule. The obligations of the person subject to this rule are independent of, and unaffected by, the failure to give notice of the requirements of this rule.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1505 Denials; request for hearing.

Rule 505. (1) If the board denies an application for transfer of an ownership interest covered by this part, then it shall issue a notice of denial to the applicant for qualification to acquire and hold the ownership interest.

(2) A person applying for qualification to acquire and hold an ownership interest subject to this part who is served with a notice of denial under this rule may request a hearing.

(3) If the person applying for qualification to acquire and hold an ownership interest subject to this part does not request a hearing, then the notice of denial becomes the final order of the board.

(4) Unless specifically stated to the contrary, a notice of denial of an application for qualification to acquire and hold an ownership interest under this rule shall not constitute a finding that the applicant is not suitable for licensure.

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

R 432.1506 Repurchase of interest.

Rule 506. (1) Within 30 calendar days of the earlier of the failure of an applicant for qualification to acquire and hold an ownership interest subject to this part to request a hearing after receiving a notice of denial or of the exhaustion of the hearing or appellate process, the person in which the applicant acquired the ownership interest shall purchase all of the interest held by the unsuccessful applicant who was served with the notice of denial. The applicant who was served with the notice of denial shall sell all of the interest back to the person from which it acquired the interest within 30 days. (2) The ownership interest shall be purchased at the lesser of the market price of the ownership interest or the price at which the unsuccessful applicant purchased the ownership interest.

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

R 432.1507 Proscribed activities with respect to unsuitable persons.

Rule 507. (1) In refusing to grant approval for the transfer and acquisition of an interest covered by this part, the board may determine that a person seeking approval is not qualified to hold an interest in a person that has applied for or holds a casino license or supplier license in Michigan under the standards for qualification and licensure under the act and these rules.

(2) After the board serves a notice of denial on a person who applied for approval of a transfer and acquisition of an interest subject to this part, then the person that has applied for or holds a casino license or supplier license in Michigan shall not do any of the following:

(a) Pay, to the person whose application was denied or who was found to be unqualified and unsuitable, any dividend or interest on equity securities or make any other payment or distribution, except as permitted by the board.

(b) Recognize the exercise, by the person whose application was denied or was found to be unqualified and unsuitable, directly or indirectly, or through any proxy, trust, or nominee, of any voting right conferred by any securities or interest in any securities or recognize other control or ownership by the person.

(c) Pay, to the person whose application was denied or was found to be unqualified and unsuitable, remuneration for services rendered.

(d) Fail to pursue all lawful efforts to require the person whose application was denied to relinquish all securities, including, if necessary, the immediate repurchase of the equity securities from the person.

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

R 432.1508 Debt acquisition generally.

Rule 508. (1) A person that has applied for or holds a casino license in Michigan, or a holding company or affiliate that has control of a person that has applied for or holds a casino license in Michigan, may enter into debt transactions affecting the capitalization or financial viability of its Michigan gambling operation or casino operation only in accordance with the act and these rules.

(2) A person that has applied for or holds a casino license in Michigan, or another person that has control of a person that has applied for or holds a casino license in Michigan, shall stamp or otherwise mark each page of its debt transaction documents that it submits to the board with the word “confidential,” if the material

submitted is not subject to disclosure. The person shall, at the request of the executive director or the board, provide a justification explaining the confidential nature of the documents. The board may determine that the information marked "confidential" is subject to disclosure.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1509 Debt transactions requiring board approval; process.

Rule 509. (1) A person that holds a casino license in Michigan, or a holding company or affiliate that has control of a person that holds a casino license in Michigan, may not enter into any debt transaction affecting the capitalization or financial viability of its Michigan gambling operation or casino operation without first receiving the approval of the board. A person applying for a casino license in Michigan shall immediately notify the board upon entering into any debt transaction affecting the capitalization or financial viability of its proposed Michigan gambling operation or casino operation. The board shall consider debt transactions in determining the suitability of a person to be granted or to hold a casino license in Michigan.
(2) A person that holds a casino license in Michigan, or a holding company or affiliate of a person that holds a casino license in Michigan, shall submit, in writing, a request for approval of a debt transaction that is subject to this rule. The procedure for requesting approval shall be as follows:
(a) A person shall submit the request for approval not less than 10 days before a scheduled meeting of the board. The executive director shall place the request for approval of a debt transaction on the agenda of the board meeting.
(b) A representative of the person requesting approval of the debt transaction shall be present at the board meeting to answer any questions posed by the board, the executive director, or his or her designee.
(c) The approval of the debt transaction will be discussed, and a decision issued by the board, at the next meeting of the board.
(3) The request for approval of a debt transaction shall contain, at a minimum, all of the following information:
(a) The names and addresses of all parties to the debt transaction.
(b) The amount of the funds involved.
(c) The type of debt transaction.
(d) The source of the monies obtained by the person requesting approval of the debt transaction.
(e) All sources of collateral.
(f) The purpose of the debt transaction.
(g) The terms of the debt transaction.
(h) All filings that must be submitted to any regulatory agency in association with the debt transaction.
(i) An executive summary of the debt transaction.
(j) Other information deemed necessary by the executive director or the board to ensure compliance with the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1510 Exercise of due diligence in debt transaction required.

Rule 510. A person that applies for or holds a casino license in Michigan, or a holding company or affiliate that has control of a person that applies for or holds a casino license in Michigan, shall exercise due diligence to reasonably ensure that each person that he or she enters into a debt transaction with is suitable for licensure under the act and these rules.
History: 1998 MR 6, Eff. June 24, 1998.

R 432.1511 Denial of approval of debt transaction.

Rule 511. If the board denies approval of a debt transaction that is subject to this part, then the person requesting approval to enter into the debt transaction may not enter into the debt transaction.
History: 1998 MR 6, Eff. June 24, 1998.

PART 6. EXCLUSION OF PERSONS

R 432.1601 Exclusion list; duty to exclude.

Rule 601. (1) A person who is excluded under the act and these rules shall not be permitted entry into any portion of a casino. If a person is placed on the board exclusion list by the executive director, then the person is prohibited from entering any casino in the state until a determination is made by the board or a court to the contrary.

(2) A casino licensee shall exclude or eject any excluded person from a casino if the casino licensee or the casino licensee's agents know or reasonably should know that the person is on the exclusion list.

(3) A casino licensee shall inform the board, in writing, of the names of persons that it knows or should know meet the criteria for placement on an exclusion list and the reason the person meets the exclusion criteria.

(4) This rule does not preclude a casino licensee from ejecting or barring a person from its casino for reasons deemed necessary by the casino licensee. A casino licensee may seek to have a person it has ejected or barred from its casino placed on the exclusion list.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1602 Distribution and availability of exclusion lists.

Rule 602. The board shall maintain a list of persons to be ejected or excluded from a casino. The exclusion list shall be a public record. The list shall be distributed to each casino. A casino shall acknowledge receipt of the list in writing. The list may also be distributed to law enforcement agencies. All of the following information, to the extent known, shall be provided for each excluded person:

(a) The full name and date of birth and all aliases.

(b) A physical description.

(c) The effective date the person's name was placed on the exclusion list.

(d) A photograph, if available.

(e) The person's occupation and current home and business addresses.

(f) Other information deemed necessary by the executive director to facilitate identification of the person placed on the exclusion list.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1603 Criteria for exclusion or ejection and placement on exclusion list.

Rule 603. The executive director may place a person on the exclusion list pending a hearing if any of the following provisions apply to the person:

(a) The person has been convicted of a felony in any jurisdiction or has been convicted of a misdemeanor in any jurisdiction involving gambling theft, dishonesty, or fraud.

(b) The person has violated the act or these rules.

(c) The person has violated or conspired to violate provisions of the act relating to involvement in gaming without required licenses or willful evasion of fees or taxes.

(d) The person has performed any act, or has a reputation, that would adversely affect public confidence and trust in the integrity of gaming.

(e) The person is included on any valid and current exclusion list from another jurisdiction in the United States.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1604 Procedure for entry of names on exclusion list.

Rule 604. (1) Upon a determination that a person comes under any of the criteria for exclusion, the person may be deemed a subject for exclusion and the executive director shall file a notice of exclusion. The notice shall include all of the following information:

(a) The identity of the subject.

(b) The nature and scope of the circumstances or reasons that the person should be placed on the exclusion list.

(c) Names of potential witnesses.

(d) A recommendation as to whether the exclusion or ejection shall be permanent.

The notice shall also inform the person of the availability of a hearing before the board.

(2)A request for a hearing shall be made within 21 days from the date the notice of exclusion was served.

(3) If a person is excluded or ejected from a casino, then the person is prohibited from further entering a casino until a determination is made by the board on the merits of a filed notice of exclusion or a requested hearing. If a determination by the board is appealed, then the exclusion shall continue until the judicial review is completed unless otherwise ordered by the court.
(4) If the board or a subsequent judicial review finds in favor of a subject for exclusion or an excluded person, then the subject's name or excluded person's name shall be removed from the exclusion list and the subject's or excluded person's exclusion shall be terminated as of the date of the action by the board or the court. If the finding is against the subject for exclusion or the excluded person, then the subject's name or excluded person's name shall remain on the exclusion list. If a hearing is not requested, then the subject's name or excluded person's name shall remain on the exclusion list.
(5) If the notice of exclusion provides for a temporary exclusion, then the executive director shall set the term of the temporary exclusion. In making this time determination, the executive director may consider the recommendation of the board staff. A temporary exclusion shall not be less than 6 months. A temporary exclusion or ejection shall only apply to a person excluded or ejected for criteria related to conduct. All other exclusions or ejections shall be permanent.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1605 Petition for removal from exclusion list.

Rule 605. A person who has been placed on any exclusion list may petition the board, in writing, and request that his or her name be removed from the exclusion list.
History: 1998 MR 6, Eff. June 26, 1998.

PART 7. DENIAL AND EXCLUSION HEARINGS

R 432.1701 Hearings generally.

Rule 701. (1) A person whose application for a license or a transfer of ownership has been denied, whose license has not been renewed, who has been placed on an exclusion list, or who has been denied an approval from the board required in these rules may request a hearing. The hearing will be de novo.
(2) The petitioner shall submit an original and 2 copies of any request, pleading, or other written document submitted to the board at its offices in Ingham county and shall serve each party or attorney of record and provide a proof of service on each party or attorney of record.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1702 Request for hearing.

Rule 702. (1) A request for hearing shall meet all of the following requirements:
(a) Be in writing.
(b) State the name, current address, and current telephone number of the petitioner.
(c) State in detail the reasons why, and the facts upon which the petitioner will rely to show that, the petitioner's application for a license should not have been denied, the license should have been renewed, the transfer of ownership should have been approved, the petitioner should not have been placed on the exclusion list, or approval should have been granted, including specific responses to any facts enumerated in the board's notice of denial, notice of non-renewal, or notice of exclusion.
(d) A petitioner shall sign, verify, and date a request for hearing. A petitioner shall have the verification notarized and shall include a certification stating, "Under the penalty of perjury, the undersigned has examined this request for hearing and to the best of my knowledge and belief, it is true, complete, and correct."
(2) A petitioner shall submit a request for hearing within 21 days after service of the notice of denial, notice of nonrenewal, exclusion, or disapproval.
The request for hearing shall meet both of the following requirements:
(a) The petitioner shall submit a request for hearing to the board at the board's office in Ingham county.

(b) A request for a hearing submitted by certified mail or overnight express mail shall be deemed submitted in a timely manner if it is postmarked not later than 21 days after service of a notice of denial, nonrenewal, or exclusion in accordance with the act.
(3) A request for a hearing shall be deemed granted unless denied.
(4) Once a request for a hearing is granted, the executive director shall assign a title and case number to the matter.
(5) A request for a hearing may not be withdrawn or voluntarily dismissed if the board determines that withdrawal or voluntary dismissal is not in the best interest of the public or the gaming industry. If the board allows a petitioner to withdraw a hearing request, then the initial denial, nonrenewal, or placement on the exclusion list becomes a final board order.
(6) The board shall appoint a board member or an administrative hearing officer to conduct a hearing in accordance with this rule. The board shall serve the petitioner with a copy of the letter of appointment. The letter shall serve as notice of the pendency of the hearing. The hearing officer who is to conduct the hearing shall establish a hearing date and notify the parties. The hearing officer may hold prehearing conferences to resolve discovery disputes or any other matters. The board member or hearing officer may do all of the following:
(a) Issue subpoenas to compel the attendance of witnesses and the production of papers and documents.
(b) Authorize the taking of depositions.
(c) Administer oaths.
(d) Receive evidence.
(e) Rule on amendment to pleadings and the admissibility of evidence.
(f) Exclude, sequester, and examine witnesses.
(g) Set reasonable time frames within which a party may present evidence and within which a witness may testify.
(h) Permit and set limits on oral argument.
(i) Issue interim orders.
(j) Establish dates and times for all hearings.
(k) Recess a hearing from day to day and place to place.
(l) Request briefs before or after the board member or hearing officer files written recommendations, findings of fact, and conclusions of law.
(m) Perform other duties necessary to ensure the parties are provided a fair and proper hearing.
(7) Default judgment or dismissal may result at any stage of the proceeding. If a petitioner fails to take action for which it is responsible for a period of 60 days, then default judgment may be entered against the petitioner and the case may be dismissed unless the petitioner shows good cause for failing to take action.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1703 Representation at hearing.

Rule 703. At a hearing, a petitioner may represent himself or herself or may be represented by an attorney.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1704 Discovery.

Rule 704. Discovery may be granted, in the discretion of the hearing officer, after the filing of a written request stating the reasons why discovery is necessary and after adverse parties and attorneys of record have had an opportunity to respond to the request. Witness and exhibit lists shall be exchanged 10 days before a hearing or earlier if ordered by the hearing officer. The hearing officer may exclude any witnesses or exhibits not disclosed in a timely manner.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1705 Prehearing conference.

Rule 705. A hearing officer shall schedule a prehearing conference at the request of either party or on the hearing officer's own initiative on any matters deemed necessary to facilitate the denial, nonrenewal, or exclusion hearing.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1706 Motions for summary judgment and other appropriate motions.

Rule 706. (1) The hearing officer may recommend a directed finding, dismissal, or summary judgment upon the filing of an appropriate motion by any party.

(2) Affidavits, depositions, admissions, or other documentary evidence may be submitted by a party to support or oppose the motion. Against a motion so supported, an adverse party may not rest upon the mere allegations or denials of his or her pleading, but shall, by affidavits, depositions, admissions, or other documentary evidence, set forth specific facts showing that there is a genuine issue for a contested case hearing.

(3) If requested by one of the parties, the hearing officer shall hear arguments on the motion for summary judgment or other appropriate motion. The hearing officer may require the parties to brief their positions in support of or against the motion for summary judgment or other appropriate motion.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1707 Continuance.

Rule 707. (1) A motion to continue a hearing or deposition shall be made not less than 10 days before the hearing or deposition date, unless the requesting party can show good cause otherwise.

(2) A continuance may be granted by the hearing officer upon a showing of good cause.

(3) The hearing officer may order a continuance of a hearing on the hearing officer's own initiative.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1708 Proceedings.

Rule 708. (1) The burden of proof is at all times on the petitioner. The petitioner shall have the affirmative responsibility of establishing, by clear and convincing evidence, any of the following:

(a) The petitioner should have been awarded a license.

(b) The license should have been renewed.

(c) The transfer of ownership should have been approved.

(d) The petitioner should not have been placed on the exclusion list.

(e) Approval should have been granted.

(2) Testimony shall be given under oath or affirmation. The hearing officer or recorder shall be authorized to administer oaths.

(3) All parties may present an opening statement on the merits. The petitioner proceeds first. An adverse party may reserve an opening statement for a later time. The hearing officer may determine the length of time each party is permitted for the presentation of an opening statement.

(4) The petitioner shall then present the petitioner's case-in-chief.

(5) Upon conclusion of the petitioner's case-in-chief, an adverse party may move for a directed finding. The hearing officer may hear arguments on the motion or may grant, deny, or reserve any decision on the arguments on the motion, with or without argument.

(6) If a motion for a directed finding is not made, or if a motion is denied or a decision on a motion for a directed finding is reserved, then the adverse party may present its case.

(7) Each party may conduct cross-examination of adverse witnesses.

(8) Upon conclusion of the adverse party's case, the petitioner may present evidence in rebuttal.

(9) The hearing officer may ask questions of the witnesses and may request or allow additional evidence at any time, including additional rebuttal evidence.

(10) Both parties may present closing argument. The petitioner proceeds first, then the adverse party. After closing argument, the petitioner may present rebuttal argument. The hearing officer may determine the length of time each party is permitted for the presentation of closing argument.

(11) The hearing officer may require or allow the parties to submit post-hearing briefs, proposed findings of fact, and conclusions of law within 10 days of the conclusion of the hearing or within another time period the hearing officer orders.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1709 Evidence.

Rule 709. (1) The hearing shall be conducted in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and known as the Michigan administrative procedures act, except as otherwise provided in these rules or the act.

(2) The parties shall, to the fullest extent possible, stipulate all matters that are not or should not be in dispute.

(3) The parties may make objections to evidentiary offers. When an objection is made, the hearing officer may receive the disputed evidence subject to a ruling at a later time.

(4) The hearing officer may take official notice of any generally accepted information or technical or scientific matter within the field of gaming and any other fact that may be judicially noticed by the courts of Michigan. The parties shall be informed of any information, matters, or facts officially noticed and shall be given reasonable opportunity to refute the evidence.

(5) The parties may call witnesses subject to the discretion of the hearing officer and in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and known as the Michigan administrative procedures act. A former member of the board or former employee of the board may appear to testify before the board as a fact witness about actions by the member or employee during his or her tenure as a member or employee with the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travelexpenses as established by statute or court rule.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1710 Prohibition on ex parte communication.

Rule 710. A party or its attorney shall not communicate directly or indirectly with the hearing officer regarding any pending matter, except upon notice and opportunity for all parties to participate. A party who does have ex parte communication with the hearing officer may be subject to sanctions and penalties.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1711 Sanctions and penalties.

Rule 711. (1) The hearing officer may impose sanctions and penalties if the hearing officer finds that a party has failed to appear at a scheduled hearing, has acted in bad faith for the purpose of delay, or has otherwise abused the hearing process. Sanctions and penalties include, but are not limited to, a fine or default judgment or a directed finding on 1 or more issues.

(2) If a petitioner refuses to testify on his or her own behalf with respect to any question propounded to him or her, then the hearing officer may infer that the testimony or answer would have been adverse to the case of the party refusing to testify.

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

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1712 Transmittal of record and recommendation to board.

Rule 712. (1) Oral proceedings involving contested issues shall be recorded stenographically or by such means that adequately ensure the preservation of the testimony or oral proceedings and shall be transcribed at the request of a party. The requesting party shall pay for the transcript.

(2) Within 90 days of the conclusion of the hearing, or the submission of post-hearing briefs or proposed findings of fact, the hearing officer shall issue, to the board and to the parties, written findings of fact, conclusions of law, and recommendations. Findings of fact shall be based exclusively on testimony, evidence, and matters within the record. The findings of fact shall be stated separately. Within 60 days from the issuance of the findings of fact, conclusions of law, and recommendations of the hearing officer, the parties may file objections to the written findings of fact, conclusions of law, and recommendations issued by the hearing officer.

(3) All of the following requirements apply to a final board order:

(a) When issuing a final board order, the board shall consider the record as a whole or shall consider the portion of the record cited by any party to the proceeding and supported by, and in accordance with, the competent, material, and substantial evidence. The board may require that the parties present oral argument before the board. The board may take any of the following actions:
(i) The board may affirm the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer as its final board order.
(ii) The board may modify the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.
(iii) The board may dissolve the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer.
(iv) The board may remand the matter, with instructions, to the hearing officer for further proceedings.
(v) In the absence of an objection or notice by the board to review any issue relating to the written recommendations, findings of fact, and conclusions of law submitted by the hearing officer, the board shall affirm the written recommendations, findings of fact, and conclusions of law.
(vi) The board shall issue a written order of the proceeding shall be remanded to the hearing officer for further proceedings within 60 days of any of the following, whichever is later, unless the period is waived or extended with the written consent of all parties or for good cause shown:
(A) The date that the written recommendations, findings of fact, and conclusions of law were issued under subrule (2) of this rule.
(B) The receipt of briefs or proposed findings of fact.
(C) The close of oral argument.
(D) Expiration of the time for filing objections to the written findings of fact, conclusions of law, and recommendations of the hearing officer.
(b) The board shall serve copies of the final board order on the parties by personal delivery or certified mail.
(c) A final board order shall become effective upon personal delivery to the parties or upon the posting of certified mail.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1713 Status of applicant for licensure or transfer upon filing request for hearing on notice of denial.

Rule 713. An applicant who has been denied a license, whose license has not been renewed, who has had a request for transfer of ownership denied, whose request for transfer of an ownership interest has been denied, or who has been placed on an exclusion list and who has requested a hearing under this rule is considered an applicant for purposes of compliance with applicable statutory provisions and board rules.
History: 1998 MR 6, Eff. June 26, 1998.

PART 8. CONDUCT OF GAMING

R 432.1801 Rules of game; purpose.

Rule 801. A licensee shall submit its game rules to the board for approval to ensure all of the following:
(a) The games offered by casino licensees are performed only in accordance with the act and these rules.
(b) The functions, duties, and responsibilities associated with the gambling operation are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel, and to ensure that an employee of the casino licensee is not in a position to perpetuate and conceal errors or irregularities in the normal course of his or her duties.
(c) The gambling operation is conducted by the casino licensee with integrity and in accordance with the act and these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1802 Hours of operation.

Rule 802. Gaming is authorized 24 hours a day, 7 days a week.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1803 Minimum and maximum wagers.

Rule 803. There shall be no limitation as to the minimum or maximum wager that a casino licensee may accept.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1804 Floor plans.

Rule 804. (1) A casino licensee or casino license applicant shall submit a floor plan or floor plans outlining each floor of the casino and the location, number, or position of each electronic gaming device and live gaming device. A licensee or license applicant shall submit the floor plan or floor plans to the board not less than 30 days before the commencement of gambling operations.

(2) A casino licensee shall provide notice to the board of material changes in a casino floor plan before implementing the change.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1805 Authorized games.

Rule 805. A casino licensee shall not permit a game to be played if the game is not approved by the board.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1806 Submission and approval of rules of game.

Rule 806. (1) A casino licensee or license applicant shall submit its rules of the game to the board in accordance with this rule.

(2) All rules of the game shall be in compliance with the provisions of the act and these rules.

(3) A casino licensee or license applicant shall submit its rules of the game in the following manner:

(a) When called for in these rules, a casino licensee or casino license applicant shall submit rules of the game to the board not less than 30 days before the commencement of gambling operations or the play of the game, or both.

(b) The board shall, in writing, approve or disapprove the rules of the game in total or in part.

(c) Any portion of the rules of the game not approved by the executive director may be revised and resubmitted by the casino licensee or the casino license applicant within the time period established by the board. This method shall be followed until all portions of the rules of the game have been approved or approval cannot be obtained.

(d) Rules of the game may not be utilized by a casino licensee or casino license applicant unless the rules of the game have been submitted and approved, in writing, by the board. The board shall approve the proposed rules of the game if the rules satisfy all of the following criteria:

(i) The rules fulfill the purposes stated in the act and these rules.

(ii) The rules ensure that the game will be played with integrity.

(iii) The rules of the game are written in language that is plain to the player.

(iv) The rules will be prominently posted at or on the game.

(v) Other requirements necessary to protect the public and ensure public confidence in gaming.

(4) If the board determines, at any time, that approved rules of the game are not adequate to ensure compliance with the act and these rules or the integrity of the game, then the board may direct the casino licensee, in writing, to amend its rules of the game.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1807 Amendments to rules of game.

Rule 807. All of the following provisions apply to amendments to rules of the game:

(a) Unless otherwise provided by the board, a casino licensee or license applicant shall submit an amendment to the rules of the game, including variations of games, to the board not less than 30 days before utilizing the rules of the game.

(b) The board shall, in writing, approve or disapprove the amendment to the rules of the game in the same manner that an initial submission is approved or disapproved.

(c) A casino licensee may not utilize an amendment to the rules of the game unless the amendment to the rules of the game has been approved, in writing, by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1808 Table limits.

Rule 808. (1) The rules of the game submitted by the casino licensee or casino license applicant shall require that table limits for each table will be clearly posted for the public.
(2) A casino licensee may amend the minimum and maximum wager at a table if the new maximum wager is not above the house maximum wager for the game. A casino licensee may amend the minimum and maximum wagers of a table if both of the following actions are taken:
(a) A sign is posted at the gaming table advising patrons of the new minimum and maximum wagers in effect for the table.
(b) Patrons at the table are advised of the change.
(3) A casino licensee may raise the house limit for individual patrons by following procedures for raising the limits that have been submitted with the rules of the game and approved in accordance with these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1809 Publication of rules and payout ratio for live gaming devices.

Rule 809. A casino licensee shall, on request, provide, in printed form, the rules for each live game played in the casino. A casino licensee shall make payment in strict accordance with the rules of the game approved by the board. A casino licensee shall make payment in accordance with the odds established by the rules of the game approved by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1810 Gaming equipment generally.

Rule 810. (1) Unless otherwise provided or approved by the board, all gaming equipment utilized by a casino licensee shall be in compliance with this part.
(2) If the board determines, at any time, that gaming equipment being utilized by a casino licensee is not adequate to ensure compliance with the act and these rules or the integrity of the game, then the board may direct the casino licensee, in writing, to utilize gaming equipment that does comply with the act and these rules or that ensures the integrity of the game.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1811 Live gaming device table requirements.

Rule 811. All of the following minimum requirements apply to a live gaming device:
(a) A live gaming device shall be capable of having a drop box attached to it that is in compliance with all of the following requirements:
(i) The box has 1 lock that secures the contents of the drop box.
(ii) The box has a separate lock that attaches the drop box to the live gaming device. The keys to the lock securing the contents of the drop box and attaching the drop box to the live gaming device shall be separate.
(iii) The box has a slot opening through which currency, coins, tokens, chips, forms, records, and documents can be inserted into the drop box.
(iv) The box shall be equipped with a mechanical device that automatically closes and locks the slot opening upon removal of the drop box from the live gaming device.
(v) The box is attached to the side of the live gaming device table at which the dealer is located or at another location approved by the board.
(vi) The box has the type of game, the shift, and the live gaming device table number to which the drop box is attached permanently imprinted on the drop box. The imprinted information shall be clearly visible.
(b) A live gaming device shall be capable of having a tip box attached to it for the deposit of tips and gratuities received by the dealer. The tip box shall be in compliance with all of the following requirements:
(i) It shall be a transparent container.
(ii) It shall be capable of being locked.

(iii) It shall be capable of being secured to the table by means of a chain, a lock, or the equivalent. If the tip box is attached by means of a lock, then the key to remove the tip box from the table shall be separate from the key that opens the tip box.
(iv) It shall be attached to the side of the live gaming device table at which the dealer is located or at another location approved by the board.
(c) A casino licensee may have emergency drop boxes to replace the drop boxes on a temporary basis. The emergency drop boxes shall be in compliance with the requirements in this rule and shall have the word "EMERGENCY" permanently and clearly imprinted on theboxes.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1812 Board registration number; inventory.

Rule 812. (1) A live gaming device shall display an external registration tag and number that is issued and affixed by the board.
(2) The casino licensee shall maintain an inventory of live gaming devices.
The inventory shall include all of the following information:
(a) The serial number, if any, assigned to the live gaming device by the manufacturer.
(b) The registration number issued by the board.
(c) The type of game for which the live gaming device is designed and used.
(d) The location of each live gaming device.
(e) The manufacturer of the live gaming device.
(3) A casino licensee shall submit the inventory report to the board on a form prescribed by the board within 10 days of the issuance of the casino license and on each subsequent anniversary date of the issuance of the casino license.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1813 Playing card specifications.

Rule 813. All playing cards utilized by a casino licensee shall be in compliance with all of the following specifications:
(a) Unless otherwise provided in this part or in the rules of the game document, all decks of cards shall be 1 complete standard deck of 52 cards in 4 suits. The 4 suits shall be hearts, diamonds, clubs, and spades. Each suit shall consist of all of the following numerical cards:
(i) Two to 10.
(ii) A jack.
(iii) A queen.
(iv) A king.
(v) An ace.
(b) The backs of each card in a deck shall be identical and no card shall contain any marking, symbol, or design that will enable a person to know the identity of any element printed on the face of the card or that will differentiate the back of that card from any other card in the deck.
(c) All edges shall be perfectly square with each side at a precise 90 degree angle to each adjacent side of the card.
(d) The radius of all 4 corners shall be exactly the same.
(e) The name, trade name, or logo of the casino licensee or casino license applicant shall be imprinted on the back side of each playing card twice in a mirror image. The mirror imaged name, trade name, or logo of the casino licensee or casino license applicant shall be spaced a minimum of ¾ of an inch apart.
(f) If playing cards have a white border, then the border shall be a minimum of 3/16 of an inch on each side of the card.
(g) In the hearts suit, the hearts shall be a burgundy red color.
(h) In the diamonds suit, the diamond pips shall be a burgundy red color.
(i) In the spades suit, the spades shall be a black color.
(j) In the clubs suit, the trefoil-shaped figure shall be a black color.
(k) All finished card decks are to be packaged using a cellophane or shrink wrap in single deck boxes that have a tamper-resistant security seal and a tear band.

(l) The manufacturer's identification name shall be placed on each deck box.
(m) The manufacturer's identification name shall be placed on each box containing individual decks of playing cards.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1814 Dice specifications.

Rule 814. All dice utilized by a casino licensee shall be in compliance with all ofthe following specifications:
(a) Be formed in the shape of a perfect cube and of a size no smaller than 0.750 inches on each side nor larger than 0.775 inches on each side.
(b) The name, trade name, or logo of the casino licensee shall be imprinted on or in each die utilized by the casino licensee or casino license applicant.
(c) Be transparent and made exclusively of cellulose, except for the following:
(i) Spots.
(ii) Name, trade name, or logo of the casino licensee.
(iii) Serial number or letters, or both.
(d) The surface of each side of the die shall be perfectly flat and the spots contained in each side of the die shall be perfectly flush with the area surrounding the spots.
(e) The edges and corners of each die shall be perfectly square and form 90 degree angles with each adjacent side.
(f) The texture and finish of each side shall be exactly identical to the texture and finish of all other sides.
(g) The weight of each die shall be equally distributed throughout the cube, and no side of the cube may be heavier or lighter than any other side of the cube.
(h) Have 6 sides bearing white circular spots from 1 to 6, respectively, with the diameter of each spot equal to the diameter of every other spot on the die.
(i) Have spots arranged so that all of the following provisions are satisfied:
(i) The side containing 1 spot is directly opposite the side containing 6 spots.
(ii) The side containing 2 spots is directly opposite the side containing 5 spots.
(iii) The side containing 3 spots is directly opposite the side containing 4 spots.
(j) Each spot shall be placed on the die by drilling, or the equivalent, into the surface of the cube and filling the drilled out portion with a compound that is equal in weight to the weight of the cellulose drilled out and that forms a permanent bond with the cellulose cube.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1815 Removal of cards or dice from play.

Rule 815. (1) A casino licensee shall remove any dice or playing cards if there is an indication of any of the following:
(a) The dice or playing cards have been tampered with.
(b) The dice or playing cards are flawed.
(c) The dice or playing cards are defective and the defect may affect the integrity or fairness of the game.
(2) If there is an indication that dice or playing cards have been tampered with, then the pit boss, or his or her equivalent, shall place the dice or playing cards in an envelope, seal the envelope, and give the envelope to the Michigan state police gaming section. The pit boss, or his or her equivalent, shall note all of the following information on the outside of the envelope:
(a) The date and time the dice or playing cards were removed from play.
(b) The live gaming device from which the dice or playing cards were removed from play.
(c) The characteristics that indicate that the dice or playing cards were tampered with.
(d) The name of all occupational licensees at the live gaming device from which the dice or playing cards were removed, and the name of the pit boss, or his or her equivalent, who removed the dice or playing cards from play.
(3) Except for dice that are removed from play due to the possibility of tampering, all dice shall be canceled when removed from play. Dice may be canceled by any of the following means:
(a) Drilling a circular hole that is not less than ¼ of an inch in diameter through the center of each die.

(b) Destroying the die by shredding.
(c) Canceling the die in any other manner approved by the executive director.
(4) Except for playing cards that are removed from play due to the possibility of tampering, all playing cards shall be canceled by 1 of the following methods:
(a) Drilling a circular hole that is not less than ¼ of an inch in diameter through the center of each card in the deck.
(b) Shaving not less than 2 corners of each playing card so that each side is no longer at 90 degree angles with each adjacent side.
(c) The cards are destroyed by shredding.
(d) Canceling the cards by any other method approved by the executive director.
(5) This rule shall not prevent a licensee from removing cards and dice from a game at any time in its discretion.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1816 Storage of cards or dice.

Rule 816. (1) All dice or playing cards that are not being utilized at a live gaming device shall be kept in locked compartments.
(2) Dice and playing cards shall not be left at a live gaming device while unattended.
(3) Casino licensees shall maintain an inventory of all dice and playing cards on forms prescribed by the board. The inventory shall contain all of the following information:
(a) The date on which dice and playing cards are received.
(b) The quantity of the dice and playing cards received.
(c) The name, business address, and business telephone number of the manufacturer from which the dice or playing cards are received.
(d) The quantity of dice and playing cards that are placed into play each day.
(e) The quantity of dice and playing cards that are removed from play due to suspected tampering and the date of the removal.
(f) The quantity of dice and playing cards that are removed from play and canceled each day.
(4) A casino licensee shall conduct a physical inventory of the dice and playing cards every 3 months. A casino licensee shall record the results of the physical inventory on forms prescribed by the board. A casino licensee shall reconcile inventory maintained in subrule (3) of this rule with the results of the physical inventory. A casino licensee shall immediately report any discrepancies in the inventory forms and the physical inventory to the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1817 Inspection of cards.

Rule 817. (1) When playing cards are accepted for play at a live gaming device, the occupational licensee accepting the playing cards shall inspect the playing cards to ensure the playing cards comply with this rule.
(2) Playing cards shall be inspected by sorting the cards sequentially by suit and inspecting the sides of the cards for crimps, bends, cuts, shaving, or any other defect that would affect the integrity or fairness of the game.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1818 Inspection of dice.

Rule 818. (1) Before dice are placed into play at a live gaming device, the pit boss, or his or her equivalent, shall inspect the dice to ensure the dice comply with this rule.
(2) Dice shall be inspected by all of the following methods on a flat surface that allows the inspection of the dice to be monitored by the surveillance system:
(a) A micrometer or any other approved instrument that performs the same function.
(b) A balancing caliper.
(c) A steel set square and magnet.
(3) A casino licensee shall store the micrometer or other approved instrument, the balancing caliper, and the steel set square and magnet in a secure place that is not accessible by the public.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1819 Casino gaming wagering; cashless wagering system required.

Rule 819. A casino licensee shall use a cashless wagering system in its gambling operation. The system shall convert a player's money to chips, tokens, electronic cards, or electronic credits approved by the board. A player shall use the chips, tokens, electronic cards, or electronic credits for wagering on gambling games at the casino. Casino gaming wagers may be made only with board-approved chips, tokens, or electronic cards, or electronic credits. The chips, tokens, electronic cards, and electronic credits may only be used and redeemed at the casino at which they are issued.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1820 Cashing-in.

Rule 820. A casino licensee shall comply with all federal and state regulations for the withholding of taxes from winnings or the filing of currency transaction reports, or both. A patron shall produce an identification card confirming information required by all federal and state regulations for the withholding of taxes from winnings or currency transaction reports, or both, before the disbursement of winnings.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1821 Submission of chips for review and approval.

Rule 821. (1) A casino licensee shall submit, to the board for approval, a sample of each denomination of value and nonvalue chips in its primary and secondary sets and shall not utilize the chips for gaming purposes until approved by the executive director.
(2) In requesting approval of the chips, a casino licensee, before having any chips manufactured, shall first submit, to the board, a detailed schematic of its proposed chips, or a sample chip, which shall show the front, back, and edge of each denomination of value chip and each nonvalue chip and the design and wording to be contained on the chip, all of which shall be depicted on the schematic or chip as they will appear, both as to size and location, on the actual chip. Once the design schematics or chip is approved by the board, a value or nonvalue chip shall not be issued or utilized until a sample of each denomination of value chip and each color of nonvalue chip is also submitted to, and approved by, the board.
(3) A casino licensee or other person licensed by the board shall not manufacture for, sell to, distribute to, or use in, any casino outside Michigan any value or nonvalue chips that have the same edge design as chips approved for use in Michigan.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1822 Chip specifications.

Rule 822. (1) All of the following specifications apply to value chips:
(a) A chip issued by a casino licensee shall be round in shape and have the name of the casino and the specific value of the chip clearly and permanently impressed, engraved, or imprinted on the chip, except that a casino licensee may issue gaming chips without a value impressed, engraved, or imprinted on the chip for roulette. A chip that has a value contained on the chip shall be known as a "value chip" and a chip that does not have a value contained on the chip shall be known as a "nonvalue chip."
(b) A value chip may be issued by the casino licensee in denominations of 50 cents, $1.00, $2.50, $5.00, $20.00, $25.00, $100.00, $500.00, $1,000.00, and $5,000.00. The casino licensee shall have discretion to determine the denominations to be utilized in its casino and the amount of each denomination for the conduct of casino gaming operations.
(c) Each denomination of value chip shall have a primary color different from every other denomination of value chip. Value chips shall fall within the colors set forth in this subdivision when the chips are viewed both in daylight and under incandescent light. In conjunction with the primary colors, each casino licensee shall utilize contrasting secondary colors for the edge spots on each denomination of value chip. Unless otherwise approved by the executive director, a casino licensee shall not use a secondary color on a specific denomination of chip identical to the secondary color used by another casino licensee on the same denomination of the value chip. The primary color that a casino licensee shall utilize for each denomination of value chip is as follows:

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

(d) Each denomination of value chip utilized by a casino licensee shall, unless otherwise authorized by the board, be in compliance with all of the following specifications:
(i) Have a center portion containing the value of the chip and the casino issuing it of a different shape from each other denomination.
(ii) Be designed so that the specific denomination of the chip can be determined on closed circuit black and white television when placed in a stack of chips of other denominations.
(iii) Be designed, manufactured, and constructed so as to prevent, to the greatest extent possible, the counterfeiting of the chips or each chip shall have an embedded microchip identifying the issue and denomination of the chip.
(e) The board has the discretion to approve a value chip in denominations that deviate from the requirements of this rule if deviation is specifically identified by the casino licensee and if the deviation does not affect the control, security, or integrity of the chips or the operation of the games.
(2) All of the following provisions apply to nonvalue chips:
(a) Each nonvalue chip utilized by a casino shall be issued solely for the purpose of gaming at roulette. Nonvalue chips at each roulette table shall be in compliance with all of the following requirements:
(i) Have the name of the casino issuing it impressed, engraved, or imprinted into its center.
(ii) Contain a design, insert, or symbol differentiating it from the nonvalue chips being used at every other roulette table in the casino.
(iii) Have the word "roulette" impressed on it.
(iv) Be designed, manufactured, and constructed so as to prevent, to the greatest extent possible, the counterfeiting of the chips.
(b) Nonvalue chips issued at a roulette table shall only be used for gaming at that table and shall not be used for gaming at any other table in the casino. A casino licensee or its employees shall not allow a casino patron to remove nonvalue chips permanently from the table from which the chips were issued.
(c) An individual at a roulette table shall not be issued or permitted to wager with nonvalue chips that are identical in color and design to value chips or to nonvalue chips being used by another individual at the same table. When a patron purchases nonvalue chips, a nonvalue chip of the same color shall be placed in a slot or receptacle attached to the outer rim of the roulette wheel. At that time, a marker button denoting the value of a stack of 20 chips of that color shall be placed in the slot or receptacle.
(d) Nonvalue chips shall only be presented for redemption at the table from which they were issued and shall not be redeemed or exchanged at any other location in the casino gaming operation. When presented for redemption, the dealer at the table shall exchange the chips for an equivalent amount of value chips, which may then be used by the patron in gaming or redeemed in the manner provided for value chips.
(e) A casino licensee shall have the discretion to permit, limit, or prohibit the use of value chips in gaming in roulette. However, it is the responsibility of a casino licensee to keep an accurate account of the wagers being made at roulette with value chips so that the wagers made by one player are not confused with wagers made by another player at the table.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1823 Primary, secondary, and reserve sets of gaming chips.

Rule 823. (1) Unless otherwise authorized by the board, each casino shall have a primary set of value chips, a separate secondary set of value chips, and a nonvalue chip reserve that conform to the color and

design specification set forth in these rules. An approved secondary set of value chips and reserve nonvalue chips shall be placed into active play if the primary set is removed.
(2) The secondary set of value chips shall have different secondary colors than the primary set of value chips. A secondary set of value chips is required for all denominations.
(3) A casino licensee shall have a nonvalue chip reserve for each color utilized in the casino and a design insert or symbol of the reserve chips shall be different from the nonvalue chips comprising the primary set.
(4) A casino licensee shall remove the primary set of gaming chips from active play if any of the following provisions apply:
(a) A determination is made by the casino licensee or a board agent that the casino gaming operation is receiving a significant number of counterfeit chips.
(b) Any other impropriety or defect in the utilization of the primary set of chips makes removal of the primary set necessary.
(c) The board directs.
(5) If the primary set of chips is removed from active play, then the casino licensee shall immediately notify the board as to the reason for the removal.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1824 Issuance and use of tokens for gaming in electronic gaming devices.

Rule 824. (1) A casino licensee shall not issue, or cause to be utilized, in a casino gaming operation, any tokens for gaming in electronic gaming devices unless the tokens are approved by the board. In requesting approval of the tokens, a casino licensee shall first submit, to the board, a detailed schematic of its proposed token. The schematic shall show its front, back, and edge, its diameter and thickness, and any logo, design, or wording to be contained on the token, all of which shall be depicted on the schematic as they will appear, both as to size and location, on the actual token. Once the design schematics are approved by the board, a token shall not be issued or utilized until a sample of the token is also submitted and approved by the board.
(2) A casino licensee may, with the approval of the board, issue metal tokens designed for gaming in its electronic gaming devices. The tokens shall be in compliance with all of the following requirements:
(a) Clearly identify the name and location of the casino gaming operation issuing them.
(b) Clearly state the face value of the token.
(c) Contain the statement “Not Legal Tender.”
(d) Contain, on at least 1 face, a statement approved by the board as to form and content that notifies a patron that the token will be accepted to activate play only in electronic gaming devices operated by the casino licensee that issued it.
(e) Not be deceptively similar to any current or past coin of the United States or a foreign country.
(f) Be of a size or shape or have other characteristics that will physically prevent their use to activate lawful vending machines or other machines designed to be operated by coins of the United States.
(g) Not be manufactured from a ferromagnetic material or from a 3-layered material consisting of a copper-nickel alloy clad on both sides of a pure copper core or from a copper based alloy, except if the total zinc, nickel, aluminum, magnesium, and other alloying metal is more than 25% of the token’s weight.
(h) Incorporate the anti-counterfeit features and other security measures the board requires.
(i) Be disk-shaped and conform to all of the following measurements:
(i) The diameter of the 5 cent denomination tokens shall be between 0.795 and 0.805 inches and the width must be between 0.072 and 0.078 inches.
(ii) The diameter of the 10 cent denomination tokens shall be between 0.870 and 0.880 inches and the width must be between 0.058 and 0.067 inches. (iii) The diameter of the 25 cent denomination tokens shall be between 0.979 and 0.989 inches and the width between 0.064 and 0.070 inches.
(iv) The diameter of the 50 cent denomination tokens shall be between 1.235 and 1.248 inches and the width between 0.077 and 0.083 inches.
(v) The diameter of the $1.00 denomination tokens shall be between 1.460 and 1.470 inches and the width between 0.098 and 0.104 inches.
(vi) The diameter of the $2.00 denomination tokens shall be between 1.335 and 1.348 inches and the width between 0.098 and 0.104 inches.

(vii) The diameter of the $5.00 denomination tokens shall be between 1.750 and 1.760 inches and the width between 0.119 and 0.125 inches.
(viii) The diameter of the $10.00 denomination tokens shall be between 1.695 and 1.705 inches and the width between 0.133 and 0.139 inches.
(ix) The diameter of the $25.00 denomination tokens shall be between 1.645 and 1.655 inches and the width between 0.093 and 0.099 inches.
(x) The diameter of the $100.00 denomination tokens shall be between 1.595 and 1.605 inches and the width between 0.077 and 0.083 inches.
(3) Tokens approved for issuance by a casino licensee shall be in compliance with all of the following provisions:
(a) Be issued to a patron upon payment for the tokens, or in accordance with a complimentary distribution program authorized under the act or these rules.
(b) Be capable of insertion into designated electronic gaming devices operated by a casino licensee for the purpose of activating play.
(c) Be available as a payout from the hopper of electronic gaming devices.
(d) Be redeemable by the patron in accordance with the act and these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1825 Distribution of coupons for complimentary chips and tokens.

Rule 825. A casino licensee may, for specified marketing purposes, provide patrons of its casino gaming operation with coupons redeemable for complimentary chips or tokens, if both of the following requirements are satisfied:
(a) The processes and procedures for the control, accountability, and distribution of coupons for chips and tokens and for the redemption of the coupons are provided for in a casino licensee's internal control system and are in conformance with the internal control system.
(b) Periodic internal audits validate the integrity and accountability of the processes and procedures authorized and required under these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1826 Exchange of chips and tokens.

Rule 826. (1) A casino licensee shall issue chips to an individual only at the request of the individual and shall not be given chips as change in any other transaction. A casino licensee shall issue chips only to casino patrons at cashier's cages or at the live gaming devices and shall redeem chips only at a cashier's cage.
(2) A casino licensee shall issue tokens only at the request of a patron and only from a cashier's cage, token dispenser, or employees of a casino licensee at the electronic gaming device area. A casino licensee shall redeem tokens only at a cashier's cage.
(3) A casino licensee shall redeem chips or tokens only from its patrons and shall not knowingly redeem chips or tokens from any nonpatron source, except as follows:
(a) If nongaming employees of the casino present chips or tokens for redemption as provided in the approved internal control system of the casino.
(b) If another casino licensee presents tokens for redemption that have been lawfully received by the casino licensee.
(c) Subject to the approval of the executive director, if a person who is licensed to conduct gaming in another jurisdiction presents tokens for redemption that have been lawfully received by the person.
(4) A casino licensee shall promptly redeem its own chips and tokens by cash or by check dated the day of the redemption on an account of the casino licensee, as requested by the patron, except when the chips and tokens were obtained or used unlawfully.
(5) A casino licensee may demand the redemption of its chips or tokens from any individual in possession of them. An individual shall redeem the chips or tokens upon presentation of an equivalent amount of cash by the casino licensee.
(6) A casino licensee shall cause to be posted and keep posted, in a prominent place, both of the following signs:

(a) On the front of a cashier's cage, a sign that reads as follows: "Gaming chips issued by another casino may not be wagered or redeemed in this casino."
(b) On electronic gaming device token redemption booths, a sign that reads as follows: "Tokens issued by another casino may not be wagered or redeemed in this casino."
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1827 Receipt of gaming chips or tokens from manufacturer or distributor.

Rule 827. (1) When chips or tokens are received from the manufacturer or distributor, they shall be opened and checked by not less than 2 employees of a casino licensee from different departments. A casino licensee shall promptly report, to the board, any deviation between the invoice accompanying the chips or tokens and the actual chips or tokens received or any defects found in the chips or tokens. The supplier licensee shall give the board prior notification of the delivery of chips or tokens to a casino licensee. A casino licensee shall not accept the delivery of tokens or chips unless the board has been given prior notification of the delivery.
(2) After checking the chips received, a casino licensee shall cause to be reported, in a chip inventory ledger, all of the following information:
(a) The denomination of the chips received.
(b) The number of each denomination of chip received.
(c) The number and description of all nonvalue chips received.
(d) The date of the receipt.
(e) The signature of the individuals who checked the chips.
(3) If any of the chips received are to be held as reserve chips and not utilized either at the gaming tables or at a cashier's cage, then a licensee shall ensure that the chips are stored in a separate locked compartment either in the vault or in a cashier's cage and are recorded in the chip inventory ledger as reserve chips.
(4) A licensee shall ensure that any chips received that are part of the secondary set of chips of the casino are recorded in the chip inventory ledger as secondary chips and are stored in a locked compartment in the casino vault separate from the reserve chips.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1828 Inventory of chips.

Rule 828. (1) Chips shall be taken from or returned to either the reserve chip inventory or the secondary set of chips in the presence of not less than 2 individuals, 1 of whom shall be from the security department. The denominations, number, and amount of chips taken or returned shall be recorded in the chip inventory ledger together with the date and signatures of the individuals carrying out the process.
(2) A casino licensee shall, on a biweekly basis, compute and record the unredeemed liability for each denomination of chips and ensure that an inventory of chips in circulation is made and ensure that the result of the inventory is recorded in the chips inventory ledger. On a monthly basis, a casino licensee shall ensure that an inventory of chips in reserve is made and ensure that the result of the inventory is recorded in the chip inventory ledger. A licensee shall submit the procedures to be utilized to compute the unredeemed liability and to inventory chips in circulation and reserve to the board for approval. A physical inventory of chips in reserve shall be required annually if the inventory procedures incorporate the sealing of the locked compartment.
(3) During nongaming hours, a licensee shall ensure that all chips in the possession of the casino are stored in the chip bank, in the vault, or in a locked compartment in a cashier's cage. However, chips may be locked in a transparent compartment on gaming tables if there is adequate security as approved by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1829 Authorized use of tokens.

Rule 829. Tokens approved for issuance by a casino licensee shall be in compliance with all of the following provisions:
(a) Be issued to a patron upon payment for the chips or in accordance with a complimentary distribution program approved by the board.

(b) Be capable of insertion into an electronic gaming device at the casino to activate play.
(c) Be available as a payout from the hopper of an electronic gaming device.
(d) Be redeemable by a patron in accordance with the act and these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1830 Destruction of chips and tokens.

Rule 830. (1) Before destroying chips, a casino licensee shall notify the executive director, in writing, of the date and the location at which the destruction will be performed, the denomination, number, and amount of value chips to be destroyed, the description and number of nonvalue chips to be destroyed, and a detailed explanation of the method of destruction. Unless otherwise authorized by the board, the destruction of chips shall be carried out in the presence of not less than 2 individuals, 1 of whom shall be an employee of the board. A licensee shall ensure that the denomination, number, and amount of value chips, and the number and description of nonvalue chips, destroyed are recorded in the chip inventory ledger together with the signatures of the individuals carrying out the destruction and the date on which the destruction took place.
(2) A casino licensee shall submit, to the board for approval, procedures to record the receipt, inventory, storage, and destruction of gaming tokens.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1831 Destruction of counterfeit chips and tokens.

Rule 831. (1) This rule applies to a casino licensee and a casino license applicant.
(2) All of the following provisions apply to the notice of counterfeit chips and tokens:
(a) A casino licensee shall notify the board and the executive director, in writing, immediately upon the discovery of a counterfeit chip or chips or token or tokens that results in a loss of more than $1,000.00 to the licensee.
(b) The board or the Michigan state police may take possession of the counterfeit chips or tokens.
(c) The board shall determine the disposition of any counterfeit chip or token, including, but not limited to, destruction of a counterfeit chip or token, in accordance with these rules.
(3) All of the following provisions apply to the destruction of counterfeit chips and tokens:
(a) Unless the board or a law enforcement officer instructs in writing, or a court of competent jurisdiction orders otherwise in a particular case, a casino licensee shall destroy or otherwise dispose of counterfeit chips and tokens discovered in the casino in a manner approved by the board.
(b) Unless the board or a law enforcement officer instructs in writing, or a court of competent jurisdiction orders otherwise in a particular case, a casino licensee may dispose of coins of the United States or any other nation discovered to have been incorrectly used in the casino or, in the case of foreign coins, may exchange them for United States currency or coins and include the currency or coins in the casino's currency or may dispose of them in any other lawful manner.
(c) A casino licensee or casino license applicant shall notify the board, in writing, not less than 30 days before counterfeit chips or tokens are destroyed. The casino licensee or casino license applicant shall notify the board of all of the following information:
(i) The number and denominations, actual and purported, of the coins and counterfeit chips and tokens destroyed or otherwise disposed of under this rule.
(ii) The date on which the coins and counterfeit chips and tokens were discovered.
(iii) The date, place, and method of destruction or other disposition, including, in the case of foreign coin exchanges, the exchange rate and the identity of the bank, exchange company, or other business or person at which, or with whom, the coins are exchanged.
(iv) The names of the occupational licensees carrying out the destruction or other disposition on behalf of the casino licensee or casino license applicant.
(v) Other information deemed necessary by the board to ensure compliance with the act and these rules.
(4) Unless otherwise approved by the board, not less than 2 people, 1 of whom is an agent of the board, shall be present when the counterfeit chips or tokens are destroyed.
(5) Unless the board notifies the casino licensee or casino license applicant within 30 days of the receipt of the letter set forth in subrule (3) of this rule, the method of destruction will be deemed approved.

(6) A casino licensee or casino license applicant shall maintain records required by this rule for not less than 5 years.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1832 Complimentary chip and token distribution programs.

Rule 832. (1) A casino licensee may, for specified marketing purposes, provide patrons with coupons that are redeemable for complimentary chips or tokens, or both.
(2) A casino licensee shall distribute complimentary chips or tokens only in accordance with these rules and an approved internal control procedure.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1833 Submission of internal controls for complimentary chip and token program.

Rule 833. (1) The submission of the internal control procedures concerning complimentary chips and token programs shall be conducted as follows:
(a) A casino licensee shall submit internal control procedures to the board not less than 20 business days before the initiation of the program.
(b) The board shall, in writing, approve the internal control procedures in total or in part.
(c) A casino licensee shall revise and resubmit any portion of the internal control procedures not approved by the board within the time frame established by the board. A casino licensee shall revise and resubmit the internal control procedures until all portions of the internal control procedures have been approved or approval cannot be obtained.
(d) A casino licensee may not use an internal control procedure unless the internal control procedure has been approved, in writing, by the board. (2) If the board determines, at any time, that approved internal control procedures are not adequate to ensure compliance with the act and these rules, then the board may direct the casino licensee, in writing, to amend its internal control procedure in accordance with subrule (1)(c) of this rule.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1834 Amendments to internal control procedures.

Rule 834. A casino licensee shall make amendments to the internal control procedures with respect to complimentary chip and token programs as follows:
(a) Unless otherwise provided by the board, a licensee shall submit amendments to the internal control procedures to the board not less than 20 business days before utilizing the amended internal control procedure.
(b) The board or designee shall, in writing, approve the amendment to the internal control procedure in total or in part.
(c) A casino licensee shall not use an amendment to internal control procedures unless the amendment to the internal control procedure has been approved, in writing, by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1835 Accounting procedures and distribution program.

Rule 835. (1) Not less than 2 casino departments shall be responsible for administering the coupon accounting procedures and distribution program. One casino department shall be responsible for storing the coupons and the other department shall be responsible for issuing the coupons.
(2) A casino licensee shall ensure that coupons received from a vendor are opened and examined by not less than 2 individuals from different casino departments. A casino licensee shall ensure that any deviations in the coupons ordered and coupons received are recorded in compliance with subrule (3) of this rule and are reported immediately to the appropriate supervisor.
(3) A casino licensee shall maintain a coupon control ledger in the manner prescribed by the board. The coupon control ledger shall contain, at a minimum, all of the following information:
(a) The date the coupons were received.
(b) The type and quantity of coupons received.
(c) The beginning serial number of the coupons received.

(d) The ending serial number of the coupons received.
(e) The purchase order number or requisition number for the coupons received.
(f) The signatures and occupational license numbers of all individuals who examined the coupons upon receipt of the coupons.
(g) The date the coupons were issued to the casino distribution department.
(h) The beginning serial number of the coupons issued to the casino distribution department.
(i) The ending serial number of the coupons issued to the casino distribution department.
(j) The number and quantity of coupons issued to the casino distribution department.
(k) The balance of unissued coupons on hand.
(l) The name, title, occupational license number, and signature of the representative issuing the coupons.
(m) The name, title, occupational license number, and signature of the representative receiving the issued coupons.
(n) A record of any coupons that are distributed to patrons.
(o) A record and explanation of any deviations noted.
(4) The casino department responsible for distributing the coupons shall maintain a daily coupon reconciliation form. One daily coupon reconciliation form shall be completed to account for all individuals responsible for distributing coupons to patrons. The daily coupon reconciliation form shall contain, at a minimum, all of the following information:
(a) The date.
(b) The type of coupon being issued.
(c) The beginning and ending serial numbers of the coupons the individual has to distribute to patrons.
(d) The quantity of coupons the individual has to distribute to patrons.
(e) The total number of coupons the individual distributed to patrons.
(f) The beginning and ending serial numbers of coupons not distributed to patrons.
(g) The total number of coupons not distributed to patrons.
(h) The serial numbers of any coupons that were voided and the reason the coupons were voided.
(i) The name, title, occupational license number, and signature of the individual distributing the coupons to patrons and completing the form.
(j) The name, title, occupational license number, and signature of the supervisor.
(k) Any variations discovered and an explanation of the variations.
(5) Not less than 30 business days before the initiation of the coupon distribution program a casino licensee shall submit internal control procedures concerning the coupon distribution program to the board. The internal control procedures shall include, at a minimum, all of the following information:
(a) The casino departments that will be responsible for administering the coupon distribution program.
(b) The security measures that will be taken with respect to the coupons, including, but not limited to, all of the following information:
(i) The manner in which the coupons will be ordered.
(ii) The manner in which the coupons will be inventoried upon receipt by the casino licensee.
(iii) The manner in which the coupons will be stored and the individuals who will have access to the coupons.
(iv) The manner in which discrepancies will be handled.
(v) The manner in which coupons will be voided.
(c) The casino department or departments that will be responsible for administering the coupon distribution program.
(d) The manner in which the coupons will be distributed.
(e) The schedule for conducting routine inventories of active unissued coupons.
The inventory shall be conducted monthly by not less than 2 individuals from separate casino departments. The results of the inventory shall be recorded in the coupon control ledger.
(f) The manner in which coupons will be removed from the inventory, recorded, and voided once the coupons become inactive.
(g) The manner in which the casino department responsible for distributing the coupons can requisition coupons from the casino department responsible for storing the coupons.

(h) The maximum number of days in advance of an event that coupons can be requisitioned by the casino department responsible for issuing the coupons. The requisition document shall contain, at a minimum, all of the following information:
(i) The date the requisition is prepared.
(ii) The day and date for which the coupons are needed.
(iii) The type or types of coupons that are requested.
(iv) The number of coupons required.
(v) The name, title, and occupational license number of the individual completing the requisition.
(vi) The name, title, occupational license number, and signature of the supervisor authorizing the requisition.
(i) The casino department responsible for storing the coupons shall complete all of the following information before the coupons are given to the casino department responsible for distributing the coupons:
(i) The name, title, occupational license number, and signature of the representative filling the order.
(ii) The beginning serial number of the coupons issued.
(iii) The ending serial number of coupons issued.
(iv) The total number of and type of coupons issued.
(v) The name, title, occupational license number, and signature of the supervisor.
(vi) A record and explanation of any coupons that were voided due to discrepancies.
The casino department responsible for storing the coupons shall enter the information in paragraphs (ii) to (iv) of this subdivision in the coupon control ledger.
(j) The manner in which the coupons will be issued. The casino licensee shall require that coupons shall be stamped with the date of issuance.
(k) The location of the locked cabinet in which the coupons will be stored before the distribution of the coupons.
(l) The casino licensee shall assure that coupons that are distributed shall be entered in the coupon control ledger.
(m) The manner in which coupons may be redeemed for chips or tokens, or both, by patrons.
(n) The manner in which coupons redeemed by patrons will be canceled.
(o) The manner in which the coupons distributed, coupons not distributed, and coupons issued will be reconciled.
(p) The manner in which coupons that have been issued, but not distributed to patrons in the appropriate time frame, will be voided and reconciled.
(q) The manner in which a dealer or cage employee shall receive and account for coupons redeemed by patrons.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1836 Coupon requirements.

Rule 836. (1) Coupons utilized in the complimentary chips and token program shall be original instruments and shall contain, at a minimum, all of the following information:
(a) Any serial number assigned to the coupon.
(b) A description of the value of the coupon.
(c) The location or locations where the coupon may be redeemed.
(d) The name of the casino licensee.
(e) The date or dates for which the coupon is valid.
(f) Any other information deemed necessary by the board to ensure compliance with the act and these rules.
If a multiple-part coupon is utilized, then each part of the coupon shall contain the information set forth in this subrule.
(2) Coupons shall be designed and manufactured so that the denomination and type of coupon can be determined utilizing the surveillance system.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1837 Records.

Rule 837. (1) A casino licensee shall maintain the records required by this part for at least 1 year.

(2) A casino licensee shall allow the board access to, or provide copies of, the records maintained under this rule upon request by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1838 Authorization for progressive electronic gaming devices.

Rule 838. (1) This rule authorizes the use of progressive electronic gaming devices within 1 casino if the electronic gaming devices are in compliance with the requirements of these rules.
(2) A casino licensee shall notify the board of all of the following information before utilizing progressive electronic gaming devices within the casino:
(a) The serial numbers of the electronic gaming devices that are common to a single progressive link.
(b) The board registration number of the electronic gaming devices that are common to a single progressive link.
(c) The odds of hitting the progressive amount on each of the electronic gaming devices that is attached to the link.
(d) The reset value of the progressive link.
(e) The rate of progression for the progressive link.
(f) How the rate of progression is split between the various progressive components.
(g) Other information deemed necessary by the executive director or the board to ensure compliance with the act and this part.
(3) The board shall approve, on a case-by-case basis, wide area progressive games that link gaming devices in more than 1 casino.
(4) All of the following provisions apply to progressive electronic gaming devices:
(a) A progressive electronic gaming device is an electronic gaming device that has a payoff which increases uniformly as the electronic gaming device is played.
(b) A progressive jackpot may be won where a certain preestablished criteria, which does not have to be a winning combination, is satisfied.
(c) A bonus game where certain circumstances are required to be satisfied before awarding a fixed bonus prize is not a progressive electronic gaming device and is not subject to this rule.
(5) An operator licensee shall not reduce the amount displayed on a progressive jackpot meter or otherwise reduce or eliminate a progressive jackpot unless all of the following provisions are met:
(a) A player wins the jackpot.
(b) The operator licensee adjusts the progressive jackpot meter to correct a malfunction or to prevent the display of an amount greater than a limit imposed in these rules and the operator licensee documents the adjustment and the reasons for it.
(c) The operator licensee's gaming operations at the establishment cease for any reason other than a temporary closure where the same licensee resumes gaming operations at the same establishment within a month.
(d) The licensee distributes the incremental amount to another progressive jackpot at the operator licensee's establishment if any of the following provisions apply:
(i) The operator licensee documents the distribution.
(ii) A machine offering the jackpot to which the operator licensee distributes the incremental amount does not require that more money be played on single play to win the jackpot than the machine from which the incremental amount is distributed.
(iii) A machine offering the jackpot to which the incremental amount is distributed complies with the minimum theoretical payout requirement of the board.
(iv) The distribution is completed within 30 days after the progressive jackpot is removed from play or within a longer period as the agency, for good cause, may approve.
(v) The board, for good cause, approves in writing, a reduction, elimination, distribution, or procedure not otherwise described in this rule.
(6) Both of the following provisions apply to transferring of a progressive jackpot that is in play:
(a) A progressive jackpot that is currently in play may be transferred to another progressive electronic gaming device on the casino floor under any of the following circumstances:
(i) Electronic gaming device malfunction.

(ii) Electronic gaming device replacement.
(iii) Other good reason deemed appropriate by the board to ensure compliance with the act and these rules.
(b) If the events set forth in subdivision (a) of this subrule do not occur, then the progressive award shall be permitted to remain until it is won by a player or until transfer is approved by the board.
(7) All of the following provisions apply to recording, keeping, and reconciliation of the jackpot amount:
(a) A casino licensee shall maintain a record of the amount shown on a progressive jackpot meter.
(b) A casino licensee shall maintain supporting documents to explain any reduction in the payoff amount from a previous entry.
(c) A casino licensee shall retain the records and documents for a period of 5 years unless otherwise provided by the board in writing.
(8) An electronic gaming device shall be linked to a progressive meter or meters showing the current payoff to all players who are playing an electronic gaming device and who may potentially win the progressive amount.
(9) Unless permitted by the board, in writing, when more than 1 progressive electronic gaming device is linked together, each electronic gaming device on the link shall have the same probability of hitting the combination that will award the progressive jackpot or jackpots.
(10) Both of the following provisions apply to the normal operating mode of the progressive controller:
(a) During the normal operating mode of the progressive controller, the controller shall do both of the following:
(i) Continuously monitor each electronic gaming device attached to the controller to detect inserted tokens or credits wagered.
(ii) Multiply the accepted tokens by the programmed rate of progression to determine the correct amounts to apply to the progressive jackpot.
(b) The progressive display shall be constantly updated as play on the link is continued. It is acceptable to have a slight delay in the update if, when a jackpot is triggered, the jackpot amount is shown immediately.
(11) Both of the following provisions apply to the jackpot operating mode of the progressive controller:
(a) The progressive controller is required to send to the electronic gaming device the amount that was won. The electronic gaming device is required to update its electronic and mechanical meters to reflect the winning jackpot amount consistent with this rule. In instances where thejackpot values are extremely high, the board may waive the requirements of this rule.
(b) If more than 1 progressive electronic gaming device is linked to the progressive controller, then the progressive controller shall automatically reset to the reset amount and continue normal play. During this time, the progressive meter or another attached approved device shall display all of the following information:
(i) The identity of the electronic gaming device that caused the progressive meter to activate.
(ii) The winning progressive amount.
(iii) The new normal mode amount that is current on the link.
(12) All of the following provisions apply to the security of the progressive controller:
(a) A progressive controller linking 2 or more progressive electronic gaming devices shall be housed in a double-keyed compartment in a location approved by the board.
All keys shall be maintained in accordance with the licensee's approved internal controls.
(b) The board shall be in possession of 1 of the keys.
(c) A list of the occupational licensees who have access to a progressive controller shall be submitted to the board and updated continually.
(d) A progressive controller entry authorization log shall be maintained within each controller. The log shall be on a form prescribed by the board and completed by an individual gaining entrance to the controller.
(e) Security restrictions shall be submitted in writing, to the executive director for approval not less than 60 days before their enforcement. All restrictions approved by the board will be made on a case-by-case basis in the case of a stand-alone progressive where the controller is housed in the logic area.
(13) A progressive controller or another approved attached device or system shall keep all of the following information in nonvolatile memory which shall be displayed upon demand:
(a) The number of progressive jackpots won on each progressive level if the progressive display has more than 1 winning amount.

(b) The cumulative amounts paid on each progressive level if the progressive display has more than 1 winning amount.
(c) The maximum amount of the progressive payout for each level displayed.
(d) The minimum amount or reset amount of the progressive payout for each level displayed.
(e) The rate of progression for each level displayed.
(14) Both of the following provisions apply to limits on the jackpot of a progressive electronic gaming devices
(a) A casino licensee may impose a limit on the jackpot of a progressive electronic gaming device if the limit imposed is greater than the possible maximum jackpot payout on the electronic gaming device at the time the limit is imposed.
(b) A casino licensee shall inform the public of the limits of a progressive electronic gaming device. The information shall be contained in a prominently displayed notice.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1839 Electronic gaming device specifications and requirements.

Rule 839. (1) An electronic gaming device used in a casino must meet the specifications set forth in this rule.
(2) All of the following provisions apply to equipment licensure and approval:
(a) The board must license an electronic or mechanical gambling game before use.
(b) Except as otherwise determined by the board, the following may not be used for gaming by any casino licensee without the prior written approval of the board:
(i) Bill acceptors or bill validators.
(ii) Token acceptors.
(iii) Progressive controllers.
(iv) Progressive displays.
(v) Associated gaming equipment as provided for in R 432.1842.
(vi) The manufacturer and manufacturer Michigan supplier license number shall be recorded on the slot inventory log.
(c) The licensure and approval shall describe, with particularity, the equipment or device approved.
(3) Both of the following provisions apply to testing:
(a) Both of the following shall be tested before licensure or approval for use:
(i) An electronic gaming device.
(ii) Another device or other equipment as the executive director may deem necessaryto ensure compliance with the act and this part.
(b) The board may take the following actions:
(i) Employ the services of an outside independent gaming test laboratory to conduct the testing.
(ii) Bill a licensee who requests licensure or approval of a device or equipment through any billing mechanism the board deems appropriate.
(4) An applicant who is served with a notice of denial under this rule may request a hearing to appeal the test results.
(5) An electronic gaming device shall meet all of the following security and audit specifications:
(a) Be controlled by a microprocessor.
(b) Be connected and communicating to an approved casino central computer system.
(c) Have an internal enclosure for the circuit board that is locked or sealed, or both, before game play.
(d) After a power failure, be able to continue a game without loss of data.
(e) Have game data recall for the current game and the previous 4 games.
(f) Have a random selection process that satisfies the 99% confidence level using any of the following tests:
(i) Standard chi-squared.
(ii) Runs.
(iii) Serial correlation.
(iv) Another standard mechanical test for randomness as approved by the board.
(g) Clearly display applicable rules of play and the payout schedule.
(h) Display an accurate representation of each game outcome utilizing any of the following:
(i) Rotating reels.

(ii) Video monitors.
(iii) Another type of display mechanism that accurately depicts the outcome of the game.
(i) Display an external registration tag and number issued by the board.
(6) All of the following requirements apply to the control program:
(a) Electronic gaming device control programs shall test themselves for possible corruption caused by failure of the program storage media.
(b) The test methodology shall detect 99.99% of all possible failures
(c) The control program shall allow for the electronic gaming device to be continually tested during game play.
(d) Except as otherwise authorized by the board, the control program shall reside in the electronic gaming device that is contained in a storage medium which is not alterable through use of the circuitry or programming of the electronic gaming device itself.
(e) The control program shall check for all of the following:
(i) Corruption of RAM locations used for crucial electronic gaming device functions.
(ii) Information relating to the current play and final outcome of the 4 previous games.
(iii) Random number generator outcome.
(iv) Error states.
(f) Detection of corruption is a game malfunction that must result in a tilt condition that identifies the error and causes the electronic gaming device to cease further function.
(g) The control program shall have the capacity to display a complete play history for the current game and the previous 4 games.
(h) The control program shall display an indication of all of the following:
(i) The game outcome or a representative equivalent.
(ii) Bets placed.
(iii) Credits or tokens paid.
(iv) Credits or tokens cashed out.
(v) Any error conditions.
(vi) Any other information deemed necessary by the board to ensure compliance with the act and these rules.
(i) The control program shall provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the electronic gaming device.
(7) All of the following provisions apply to accounting meters:
(a) An electronic gaming device shall be equipped with both electronic and electromechanical meters.
(b) An electronic gaming device's electromechanical meters shall have not less than 6 digits.
(c) An electronic gaming device's electronic meters shall tally totals to 8 digits and be capable of rolling over when the maximum value is reached.
(d) An electronic gaming device's control program shall provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the machine.
(e) The required electromechanical meters shall be in compliance with the following provisions:
(i) The tokens-in meter shall cumulatively count the number of tokens that are wagered by actual tokens inserted or credits bet.
(ii) The tokens-out meter shall cumulatively count the number of tokens won that are paid by the hopper or credits won that are subsequently bet.
(iii) The tokens-dropped meter shall maintain a cumulative count of the number of tokens that have been diverted into a drop bucket.
(iv) The jackpots-paid meter shall closely reflect the cumulative amounts paid by an attendant for progressive and nonprogressive jackpots.
(f) Electronic meters shall have an accuracy rate of 99.99% or better.
(g) Electromechanical meters shall meet a reasonable level of accuracy, given the available technology, as approved by the board.
(h) The required electronic meters shall be in compliance with the following provisions:
(i) The tokens-in meter shall cumulatively count the number of tokens that are wagered by actual tokens inserted or credits bet, or both.

(ii) The tokens-out meter shall cumulatively count the number of tokens won that are paid by the hopper or credits won that are subsequently bet, or both.
(iii) The tokens-dropped meter must cumulatively count the number of tokens that have been diverted into a drop bucket and the credit value of all bills inserted into the bill validator for play.
(iv) The jackpots-paid meter shall reflect the cumulative amounts paid by an attendant for progressive jackpots and nonprogressive jackpots.
(v) The games-played meter shall display the cumulative number of games played.
(vi) A cabinet door meter shall display the number of times the front cabinet door was opened.
(vii) The drop door meter shall display the number of times the drop door or the bill validator door was opened.
(i) If an electronic gaming device is equipped with a bill validator, then the device shall be equipped with a bill validator meter that records all of the following:
(i) The total number of bills that were accepted.
(ii) An accounting of the number of each denomination of bill accepted.
(iii) The total dollar amount of bills accepted.
(j) An electronic gaming device shall be designed so that the replacement of parts or modules required for normal maintenance does not require replacement of the electromechanical meters.
(k) An electronic gaming device shall have meters that continuously display all of the following information relating to the current play or monetary transaction:
(i) The number of tokens or credits wagered in the current game.
(ii) The number of tokens or credits won in the current game, if applicable.
(iii) The number of tokens paid by the hopper for a credit cashout or a direct pay from a winning outcome.
(iv) The number of credits available for wagering, if applicable.
(l) Electronically stored meter information required by this rule shall be preserved after a power loss to the electronic gaming device and shall be maintained for a period of not less than 180 days.
(8) All of the following provisions apply to clearing permanent meters:
(a) An electronic gaming device may not have a mechanism that causes the required electronic accounting meters to clear automatically when an error occurs.
(b) The required electronic accounting meters may be cleared only if approved by the board.
(c) Required meter readings, when possible, shall be recorded before and after the electronic accounting meter is cleared.
(9) The following provisions apply to randomness events and randomness testing:
(a) Events in electronic gaming devices are occurrences of elements or particular combinations of elements that are available on the particular electronic gaming device.
(b) A random event has a given set of possible outcomes that has a given probability of occurrence called the distribution.
(c) Two events are called independent if both of the following conditions exist:
(i) The outcome of 1 event does not have an influence on the outcome of the other event.
(ii) The outcome of 1 event does not affect the distribution of another event.
(d) An electronic gaming device shall be equipped with a random number generator to make the selection process. A selection process is considered random if all of the following specifications are met:
(i) The random number generator satisfies not less than a 99% confidence level using the standard chi-squared analysis.
(ii) The random number generator does not produce a statistic with regard to producing patterns of occurrences. Each reel position is considered random if it meets not less than 99% confidence level with regard to the runs test or any similar pattern testing statistic;
(iii) The random number generator produces numbers that are independently chosen without regard to any other symbol produced during that play. This test is the correlation test. Each pair of reels is considered random if the pair of reels meet not less than 99% confidence level using standard correlation analysis.
(iv) The random number generator reduces numbers that are chosen without reference to the series of outcomes in the previous game. This test is the serial correlation test. A reel stop position is considered random if it meets not less than 99% confidence level using standard serial correlation analysis.

(v) The random number generator and random selection process shall be impervious to influences from outside the electronic gaming device, including, but not limited to, all of the following:
(A) Electromagnetic interference.
(B) Electrostatic interference.
(C) Radio frequency interference.
(vi) An electronic gaming device shall use appropriate communication protocols to protect the random number generator and random selection process from influence by associated equipment that is conducting data communications with the electronic gaming device.
(10) All of the following provisions apply to safety requirements:
(a) Electrical and mechanical parts and design principles shall not subject a player to physical hazards. An electronic gaming device shall be underwriters laboratories-approved or the equivalent.
(b) Spilling a conductive liquid on the electronic gaming device shall not create a safety hazard or alter the integrity of the electronic gaming device's performance.
(c) The power supply used in an electronic gaming device shall be designed to make minimum leakage of current in the event of an intentional or inadvertent disconnection of the alternate current power ground.
(11) All of the following provisions apply to surge protector:
(a) A surge protector shall be installed on each electronic gaming device.
(b) Surge protection can be internal to the power supply or external.
(c) A battery backup device shall be installed and capable of maintaining the accuracy of required electronic meter information after power is discontinued from the electronic gaming device. The device shall be kept within the locked or sealed logic board compartment and be capable of sustaining the stored information for 90 days.
(12) An on and off switch that controls the electrical current used to operate the electronic gaming device shall be located in an accessible place and within the interior of the electronic gaming device.
(13) All of the following provisions apply to token acceptors:
(a) At least 1 electronic token acceptor shall be installed in each electronic gaming device.
(b) An acceptor shall be approved by the board to indicate that it meets the requirements of these rules.
(c) A token acceptor shall be designed to accept designated tokens and to reject others.
(d) The token receiver on an electronic gaming device shall be designed to prevent the use of cheating methods, including, but not limited to, any of the following:
(i) Slugging.
(ii) Stringing.
(iii) Spooning.
(e) A token that is accepted but not credited to the current game shall be returned to the player by activating the hopper or crediting toward the next play of the electronic gaming device. The electronic gaming device control program shall be capable of handling rapidly fed tokens so that frequent instances where a token is accepted but not credited to the current game are prevented.
(f) An electronic gaming device shall use a token acceptor that accepts or rejects a token on the basis of any of the following:
(i) Metal composition.
(ii) Mass.
(iii) Composite makeup.
(iv) Equivalent security.
(g) An electronic gaming device shall have a suitable detector for determining the direction and speed of token travel in the receiver. If a token traveling at an improper speed or direction is detected, then the electronic gaming device shall enter a tilt condition and display an error condition that requires attendant intervention to clear.
(14) All of the following provisions apply to bill validators:
(a) An electronic gaming device may have a bill validator installed into which a patron may insert currency in exchange for an equal value of electronic gaming device credits. The patron shall be able to obtain an equal number of tokens for the amount of currency that was inserted into the bill validator.
(b) A bill validator may accept any of the following:
(i) One dollar ($1.00) bills.

(ii) Five dollar ($5.00) bills.
(iii) Ten dollar ($10.00) bills.
(iv) Twenty dollar ($20.00) bills.
(v) Fifty dollar ($50.00) bills.
(vi) One hundred dollar ($100.00) bills.
(c) A bill acceptor may be for any single denomination or combination of denominations.
(d) A bill validator shall have software programs that enable the validator to differentiate between genuine and counterfeit bills to a high degree of accuracy.
(e) A bill validator shall be equipped with a bill validator drop box to collect the currency inserted into the bill validator. The bill validator drop box shall be in compliance with all of the following requirements:
(i) Be housed in a locked compartment separate from any other compartment of the electronic gaming device.
(ii) Be accessible by a key that will access only the bill validator drop box and no other area of the electronic gaming device.
(iii) Have a slot opening through which currency can be inserted.
(iv) Be identifiable to the electronic gaming device from which it was removed.
(v) Have a separate lock to access the contents of the bill validator drop box. The key to the lock shall not access any other area of the electronic gaming device.
(15) Both of the following provisions apply to an automatic light alarm:
(a) A light shall be installed on the top of the electronic gaming device that automatically illuminates when the door to the electronic gaming device is opened or when associated equipment that may affect the security or operation of the electronic gaming device is exposed, if the equipment is physically attached to the gaming device.
(b) A bar-top electronic gaming device shall have a light alarm or an audio door alarm, or both, installed. The alarm shall be designed to activate when the machine is entered.
(16) All of the following provisions apply to access to the interior:
(a) The internal space of an electronic gaming device shall not be readily accessible when the door is closed.
(b) All of the following shall be in a separate locked or sealed area within the electronic gaming device:
(i) Logic boards.
(ii) Program storage medium.
(iii) RAM.
(c) Access to the area described in subdivision (b) of this subrule is not allowed without prior notification to the board at the casino.
(d) The board shall be allowed immediate access to the locked or sealed area.
A casino licensee shall maintain its copies of the keys to electronic gaming devices in accordance with the licensee's approved internal controls. Unauthorized tampering or entrance into the logic area without prior notification in accordance with subdivision (b) of this subrule is grounds for disciplinary action.
(17) An electronic gaming device shall have its logic boards and any computer chips that store memory secured in a locked enclosure within the electronic gaming device that shall be sealed with evidence tape. The locked enclosure for logic boards and computer chips within the electronic gaming device shall be sealed with evidence tape by an employee of the board or the Michigan state police assigned to assist the board.
(18) All of the following provisions apply to hardware switches:
(a) A hardware switch may not be installed if it alters the pay tables or payout percentages in the operation of an electronic gaming device.
(b) A hardware switch may be installed to control any of the following:
(i) Graphic routines.
(ii) Speed of play.
(iii) Sound.
(iv) Other approved cosmetic play features.
(c) A machine may have multiple percentage settings if the settings do not violate these rules and if the settings are accessed through software switches approved by the board.
(19) Both of the following provisions apply to multigames:
(a) A gaming device that offers a menu of more than 1 game to the player shall be called a "multigame." A multigame may have various games with configurable percentages. A multigame may be approved by the

board if, in addition to any other requirements in these rules, the following 8 digit electronic meters, are available upon display for each game offered on the menu:
(i) Credits wagered or equivalent.
(ii) Credits won or equivalent.
(b) If the method of configuring the game menu may be accomplished by entering a configuration mode of the device, then the method employed shall meet both of the following standards:
(i) The method has sufficient safeguards to prevent unauthorized access.
(ii) The method does not result in data loss or corruption of data sent to the casino central computer system.
(20) All of the following provisions apply to the display of rules of play:
(a) The rules of play for an electronic gaming device shall be displayed on the face or screen of the electronic gaming device.
(b) The rules of play shall be approved by the board.
(c) The board may reject the rules if the board determines that the rules are any of the following:
(i) Incomplete.
(ii) Conflicting.
(iii) Confusing.
(iv) Misleading.
(d) The rules of play shall be kept under glass or another transparent substance.
(e) The rules of play may not be altered without prior approval from the board.
(f) Stickers or other removable devices may not be placed on the electronic gaming device face unless their placement is approved or required by the board.
(21) The following shall not subject a player to physical hazards:
(a) Electrical parts.
(b) Mechanical parts.
(c) Design principles of the electronic gaming device and its component parts.
(22) Electronic gaming device power supply filtering shall be sufficient to prevent disruption of the electronic gaming device by a repeated switching on and off of the AC power.
(23) The following provisions apply to error conditions and automatic clearing:
(a) An electronic gaming device shall be capable of detecting and displaying all of the following conditions:
(i) Power reset.
(ii) Door open.
(iii) Inappropriate token-in if the token is not automatically returned to the player.
(b) The conditions listed in subdivision (a) of this subrule shall be automatically cleared by the electronic gaming device upon initiation of a new play sequence.
(24) The following provisions apply to error conditions and clearing by an attendant:
(a) An electronic gaming device shall be capable of detecting and displaying all of the following error conditions that an attendant may clear:
(i) Token-in jam.
(ii) Token-out jam.
(iii) Hopper empty or timed-out.
(iv) RAM error.
(v) Hopper runaway or extra token paid out.
(vi) Program error.
(vii) Reverse token-in.
(viii) Reel spin error of any type, including a misindex condition for rotating reels. The specific reel number shall be identified in the error indicator.
(ix) Low RAM battery, for batteries external to the RAM itself, or low power source.
(b) A description of the electronic gaming device error codes and their meanings shall be contained inside each electronic gaming device.
(25) All of the following provisions apply to the hopper mechanism:
(a) An electronic gaming device shall be equipped with a hopper that is designed to detect all of the following and force the electronic gaming device into a tilt condition if 1 of the following occurs:
(i) Jammed tokens.

(ii) Extra tokens paid out.
(iii) Hopper runaways.
(iv) Hopper empty conditions.
(b) The electronic gaming device control program shall monitor the hopper mechanism for the error conditions specified in subdivision (a) of this subrule in all game conditions.
(c) All tokens paid from the hopper mechanism shall be accounted for by the electronic gaming device, including, to the extent possible, tokens paid as extra tokens during a hopper malfunction.
(d) Hopper pay limits shall be designed to permit compliance by a casino licensee with all applicable taxation laws, rules, and regulations.
(26) An electronic gaming device that is capable of a bidirectional communication with internal or external associated equipment shall use a communication protocol which ensures that erroneous data or signals will not adversely affect the operation of the electronic gaming device.
(27) An electronic gaming device shall meet all of the following maximum and minimum theoretical percentage payouts during the expected lifetime of the electronic gaming device:
(a) The electronic gaming device shall pay out not less than 80%, and not more than 100%, of the amount wagered unless otherwise approved by the board.
(b) The theoretical payout percentage shall be determined using standard methods of the probability theory. The percentage shall be calculated using the highest level of skill where player skill impacts the payback percentage.
(c) An electronic gaming device shall have a probability of obtaining the maximum payout of more than 1 in 50,000,000.
(28) Except in the case of a total memory failure, and if the machine is still operable an electronic gaming device shall be capable of continuing the current play with all the current play features after an electronic gaming device malfunction is cleared.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1840 Electronic gaming device tournaments.

Rule 840. (1) Electronic gaming device tournaments may be conducted by the casino licensee.
(2) All tournament play shall be on machines which have been tested and approved in accordance with the rules and for which the tournament feature has been enabled.
(3) All electronic gaming devices used in a single tournament shall utilize the same electronics and machine settings.
(4) Electronic gaming devices enabled for tournament play shall not accept tokens or pay out tokens. The electronic gaming devices shall utilize credit points only.
(5) Tournament credits shall have no cash value.
(6) Tournament play may not credit the accounting meters of the machine.
(7) At the casino licensee's discretion, the casino licensee may establish qualification or selection criteria to limit the eligibility of players in a tournament. Criteria used shall be reasonably related to gaming activity.
(8) All of the following provisions apply to the rules of tournament play:
(a) A casino licensee shall submit the rules for a tournament to the board not less than 30 days in advance of the commencement of the tournament or within a shorter time period as the board may designate. The rules of tournament play shall include, but not be limited to, all of the following:
(i) The amount of points, credits, and playing time players will begin with.
(ii) The manner in which players will receive electronic gaming device assignments and how reassignments are to be handled.
(iii) How players are eliminated from the tournament and how the winner or winners are to be determined.
(iv) The number of electronic gaming devices each player will be allowed to play.
(v) The amount of entry fee for participating in the tournament.
(vi) The number of prizes to be awarded.
(vii) An exact description of each prize to be awarded.
(viii) Any additional house rules governing play of the tournament.
(ix) Any procedures deemed necessary by the board to ensure compliance with the act and these rules.
(b) The board shall approve the rules, in writing, within 30 days of the receipt of the rules.

(c) A casino licensee shall not permit any tournament to be played unless the rules of tournament play have been approved by the board.
(d) Once rules of a tournament have been approved by the executive director, a casino licensee may offer a tournament utilizing the approved rules at any time. Amendments to approved rules of tournament play shall be submitted to the board not less than 30 days before utilizing the amendments or within a shorter time frame as the board may designate. The board shall approve or reject amendments to the rules of tournament play within 30 days of receipt of the amendments. An amendment to the rules of tournament play shall not be utilized by the casino licensee until approved by the board.
(e) The rules of tournament play shall be provided to all tournament players and members of the public who request a copy of the rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1841 Operation of wide area progressives.

Rule 841. (1) This rule authorizes the use of progressive electronic gaming devices among the casinos licensed under the act if the electronic gaming devices and the wide area progressive systems meet the requirements of these rules.
(2) Unless otherwise permitted by the board, in writing, a machine on the link shall have the same probability of hitting the combination that will award the progressive jackpot. In addition, a machine on a link shall be located on the licensed premises of 1 establishment or a machine may be linked among more than 1 establishment if the system, hereinafter referred to as multilink for describing such system, is in compliance with all of the following:
(a) The wide area system shall have the ability to monitor entry into the front door of each networked slot machine as well as the logic area of each networked slot machine and report it to the central system immediately.
(b) All communication packets between each location and the central system shall be encrypted.
(c) All progressive meter reading data shall be obtained in real-time in an on-line, automated fashion. When requested to do so, the system shall return meter readings on the first device attached to the system within 5 minutes of the meter acquisition request. This limitation shall not apply to the length of time it takes the computer system to calculate and print reports, but rather only to the time it takes to gather data used for the process. Manual reading of meter values may not be substituted for these requirements.
(d) A licensee utilizing a wide area progressive system shall suspend play on the system if a communication failure in the system cannot be corrected within a period of time approved by the board before the commencement of play on the wide area progressive system. If a communication failure occurs in a wide area progressive system, then the operator of the system shall take a reading during the time the system is down to make sure that the jackpot amount is the same at all locations connected to the system when bringing the system that failed back on line. A licensee utilizing a multilink system shall suspend play on the multilink at the premises of the licensee if a communication failure in the system cannot be corrected within a configurable amount of time, but not more than 24 consecutive hours.
(e) A licensee authorized to provide a wide area system shall keep a hard copy log of all events for a period of not less than 60 days.
(f) Wide area progressive jackpot verification procedures shall include the following provisions:
(i) When a wide area progressive jackpot is won, the licensee authorized to provide the wide area system shall inspect the machine accompanied by a gaming board agent or personnel assigned to the Michigan state police gaming section. The inspection shall include examining the EPROM, the error events received by the central system, and any other data that could reasonably be used to ascertain the validity of the jackpot.
(ii) The central system shall produce reports that will clearly demonstrate the method of arriving at the payoff amount. The reports shall include the coins contributed beginning at the polling cycle immediately following the previous jackpot and will include all coins contributed up to, and including, the polling cycle, which includes the jackpot signal. Coins contributed to the system before the jackpot message is received will be deemed to have been contributed to the progressive amount before the current jackpot. Coins contributed to the system subsequent to the jackpot message being received will be deemed to have been contributed to the progressive amount of the next jackpot.

(iii) A jackpot of more than $100,000.00 may be paid in installments over a period of not more than 25 years if each machine clearly displays the fact that the jackpot will be paid in installments. In addition, the number of installments and time between installments shall be clearly displayed on the face of the machine in plain language that is approved by the board.
(iv) Two jackpots that occur in the same polling cycle will be deemed to have occurred simultaneously and, therefore, each winner shall receive the full amount shown on the meter, unless another method of resolution has been approved in advance by the board.
(g) Approval by the board of any wide area progressive system shall occur in the following 2 phases:
(i) The initial approval stage, wherein the underlying gaming devices and communication hardware are tested and approved by the board.
(ii) The on-site testing phase, wherein a field inspection is conducted at the central computer site as well as multiple field sites to ensure compliance with the act and these rules. Operation of the system will be authorized only after the board is satisfied that the system meets both the initial approval and on site testing requirements, as well as any other requirements that the board may impose to assure the integrity, security, and legal operation of the wide area progressive system.
(h) The central computer site shall be equipped with a noninterruptible power supply, and the central computer shall be capable of on-line data redundancy if hard disk peripherals fail during operation.
(i) A licensee authorized to provide a wide area progressive system shall supply reports in a format approved by the board which support and verify the economic activity on the system.
(j) Any licensee authorized to provide a wide area progressive system must supply, as requested, reports and information to the board indicating the amount of, and basis for, the current jackpot amount (the amount currently in play). The reports shall include an aggregate report and a detail report. The aggregate report shall show only the balancing of the system with regard to system-wide totals. The detail report shall be in a form that identifies each machine on a polling station and indicates for each machine, summarized by location, the coin-in and coin-out totals as the terms are commonly understood in the industry. In addition, upon the invoicing of any licensee participating in a wide area progressive system, a licensee shall be given a printout identifying all of the following:
(i) Each machine linked to the system.
(ii) The coins contributed by each machine to the jackpot for the period for which an invoice is remitted.
(iii) Other information required by the board to document the validity of the licensee's contributions to the jackpot amount.
(k) A licensee authorized to provide a wide area progressive system shall obtain written approval from the board identifying all of the following:
(i) The methods of funding the progressive prize pool.
(ii) The calculating and receipt of payments from participating licensees.
(iii) Provisions for equipment and services associated with the wide area progressive system.
(l) In calculating gross receipts, a licensee shall deduct its contributions to any progressive jackpots awarded during the month. The deducted amount shall be listed on the detailed accounting records provided to the licensee by the person authorized to provide the wide area progressive system. A licensee's contribution is based on the number of coins in from that licensee's machines on the wide area progressive system, compared to the total amount of coins in on the whole system for the time period or periods between the jackpot or jackpots awarded.
(m) The right to receive the jackpot payments may not be encumbered, assigned, or otherwise transferred by a winner, estate, or heir of a deceased winner, except to the estate or heir of the person upon his or her death. An attempt to make a prohibited transfer may result in the person forfeiting the right to receive future payments.
(n) Except where prohibited by law, if a licensee ceases operations and a progressive jackpot is awarded subsequent to the last day of the final month of operation, then the licensee may file an amended tax return or make claim for a gaming tax refund based on its contributions to the particular progressive pool.
(o) The central monitoring system for the wide area progressive shall be located within the state of Michigan. The office containing the central monitoring system shall be equipped with a surveillance system that has been approved by the board. The licensee authorized to provide a wide area progressive system shall be required to limit access to the monitoring system room and keep and maintain an entry and exit log

for the office in a manner approved by the board. The board shall, at all times, have the right to immediate access to the office containing the central monitoring system and the system itself.
(p) The provider of the wide area progressive system may not allow any agent or employee to work on any component of the system until the person has demonstrated that the employee or agent is qualified and experienced in the construction, software, hardware, and all internal and external components of the system and has attained at least a level II occupational license from the board.
(q) The licensee authorized to provide a wide area progressive system shall supply a copy of all leases and contractual agreements relating to the wide area progressive system to the board.
(r) The wide area progressive system prize fund (the amount of money contributed by the participating licensees) shall be audited, in accordance with generally accepted auditing standards, on the fiscal year of the licensee authorized to provide the system, by an independent accountant licensed by the Michigan state board of accountancy and approved by the board. The report shall be submitted to the board upon completion of the audit or 90 days after the conclusion of the licensee's fiscal year, whichever occurs first. The licensee providing the wide area progressive system shall pay for the cost of the audit.
(s) The board shall require that a licensee who is authorized to provide a wide area progressive system comply with both of the following requirements:
(i) Maintain, in a restricted account, a reserve consisting of cash, United States government treasury securities, approved debt instruments, or combination of not less than the sum of both of the following amounts:
(A) The aggregate remaining balances owed on all jackpots previously won by patrons through the wide area progressive system.
(B) An amount sufficient to fully fund the present value of all amounts currently reflected on the progressive meters of the wide area progressive systems.
(ii) In addition, a licensee who is authorized to provide the wide area system shall, at all times, satisfy and be in compliance with both of the following ratios:
(A) A ratio of not less than 2:1.
(B) An interest coverage ratio of not less than 3:1.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1842 Associated equipment approval.

Rule 842. (1) Except as otherwise determined by the board, a manufacturer or distributor of associated equipment shall not distribute associated equipment to a casino licensee unless the associated equipment has been approved by the board.
(2) The board may require the manufacturer or distributor of associated equipment to obtain a supplier license.
(3) All of the following provisions apply to applications and procedure for approval of associated equipment:
(a) An application for approval of associated equipment shall require that the manufacturer or distributor submit all of the following information on forms prescribed by the board.
(i) The name, business address, and business telephone number of the manufacturer or distributor.
(ii) The federal identification number, Michigan taxpayer identification number, or social security number of the manufacturer or distributor.
(iii) If the manufacturer or distributor is a business entity, then the information set forth in this subdivision and subdivision (b) of this subrule shall be provided for the business entity's key persons and substantial owners.
(iv) A list of the jurisdictions that have approved the associated equipment.
A copy of the document of approval from each jurisdiction shall be attached to the application.
(v) Additional information deemed necessary by the board to enable a complete understanding of the operation and function of the associated equipment.
(b) If the board requires the manufacturer or distributor of associated equipment to submit the associated equipment to an independent lab, then the manufacturer or distributor of the associated equipment shall provide all of the following information to the independent lab:
(i) The information set forth in subrule (3)(a)(i) to (v) of this rule.

(ii) A complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language. The document shall be signed under penalty of perjury.
(iii) Detailed operating procedures of the associated equipment.
(iv) Details of all tests performed on the associated equipment, the conditions and standards under which the tests were performed, and the person who conducted the test.
(c) With respect to associated equipment, the independent lab shall provide the board with documentation regarding all of the following information:
(i) Details of the tests performed on the associated equipment.
(ii) Results of the tests performed on the associated equipment.
(iii) Detailed operating procedures of the associated equipment.
(iv) Percentage calculations of the associated equipment.
(v) Other information deemed necessary by the board to ensure compliance with the act and these rules.
(4) Both of the following provisions apply to the evaluation of associated equipment:
(a) The board may require transportation of not more than 2 working models of associated equipment to a designated lab for review and inspection. The lab may dismantle the associated equipment and may destroy the electronic components in order to fully evaluate the equipment.
(b) The board may do both of the following:
(i) Require the manufacturer or distributor seeking approval of the associated equipment to provide specialized equipment or the services of an independent technical expert to evaluate the equipment.
(ii) Employ an outside lab to conduct the evaluation.
(c) The manufacturer or distributor seeking approval of the associated equipment shall pay the cost of the evaluation.
(5) A casino licensee shall only install or use associated equipment that has been approved by the board after a determination has been made that the associated equipment is in compliance with the technical standards set forth in this rule.
(6) After the associated equipment is approved, the board shall advise the manufacturer and distributor, in writing, of the approval.
(7) A casino licensee shall not alter the manner in which associated equipment operates or revise the associated equipment without the prior written approval of the board.
(8) All of the following provisions apply to the revocation of approval:
(a) The board may revoke the approval of associated equipment if the executive director determines any of the following:
(i) The associated equipment does not perform in the manner described in the application.
(ii) The associated equipment is defective or malfunctions frequently.
(iii) The associated equipment has a detrimental impact on the conduct of a casino gambling operation.
(iv) The associated equipment adversely affects the computation of taxes for reasons including, but not limited to, the following:
(A) Inaccurate computation.
(B) Defects.
(C) Malfunctions.
(b) The board shall immediately, in writing, notify the manufacturer or distributor of the associated equipment of the revocation of approval. The board shall advise the manufacturer or distributor of the associated equipment of the date on which the associated equipment shall cease to be used.
(c) The board shall immediately, in writing, notify the casino licensees or casino license applicants that utilize the associated equipment of the revocation of approval. The board shall advise the casino licensee or casino license applicant of the date on which the casino licensee or casino license applicant shall cease to use the associated equipment.
(d) A casino licensee or casino license applicant shall cease utilizing the associated equipment for which approval has been revoked by the date established by the board in subrule (8)(c) of this rule. The casino licensee or casino license applicant shall notify the board, in writing, if it cannot cease utilization of the associated equipment by the established date and shall seek an extension of time. The board shall advise the casino licensee or casino license applicant, in writing, if the suggested time frame is not suitable.

(9) All of the following provisions apply to further notification requirements:
(a) The manufacturer or distributor of associated equipment shall notify the executive director, in writing, of any problems, defects, or malfunctions of any associated equipment that has been approved by the board.
(b) The manufacturer or distributor of associated equipment shall advise the board, in writing, if the approval of any associated equipment approved by the board has been revoked by any other gaming jurisdiction.
(c) A casino licensee or casino license applicant shall notify the board, in writing, of any material problems, defects, or malfunctions that affect the fairness or integrity of the operation or play of any associated equipment that has been approved by the board and is utilized by the casino licensee or casino license applicant in the state of Michigan or any other jurisdiction.
(d) A casino licensee or casino license applicant shall notify the board, in writing, if the approval of associated equipment approved by the board and utilized by the casino licensee or casino license applicant has been revoked by any other gaming jurisdiction.
(10) All of the following provisions apply to the retention of records:
(a) The manufacturer or distributor of associated equipment shall maintain all of the following records:
(i) All applications for approval of associated equipment submitted to the board.
(ii) Detailed operating procedures of the associated equipment.
(iii) Approvals of associated equipment received from any gaming jurisdiction.
(iv) A complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language.
(v) Any alterations or revisions and the requisite approvals that have been conducted on associated equipment utilized by casino licensees or casino license applicants.
(vi) The revocation of any approval for associated equipment issued by any gaming jurisdiction.
(b) Any documentation that indicates problems, defects, or malfunctions of the associated equipment.
(c) Details of any tests performed on the associated equipment by the manufacturer or distributor of the associated equipment.
(d) Any other records the board deems necessary to ensure compliance with the act and these rules.
(11) A casino licensee or casino license applicant shall maintain any records listed in subrule (10) of this rule that are in its possession.
(12) All records required by this rule shall be maintained by the manufacturer or distributor of the associated equipment, the casino licensee, or the casino license applicant for a period of 5 years.
(13) The manufacturer or distributor of associated equipment who is served with a notice of denial or revocation of approval under this rule may request a hearing.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1843 Analysis of questioned electronic gaming devices.

Rule 843. (1) If the operation of any electronic gaming device is questioned by any holder of a casino license, patron, or the board, then the questioned device will be examined in the presence of a representative of the board and a representative of the holder of a casino license. If the malfunction cannot be cleared by other means to the mutual satisfaction of the patron and the holder of the casino license, then the electronic gaming device will be subjected to an EPROM memory test to verify a signature comparison by a board agent. (2) If the malfunction cannot be determined and corrected by the testing, then the electronic gaming device may be removed from service and secured in a remote, locked compartment. The electronic gaming device may then be transported to an industry-recognized laboratory selected by the executive director. The device will be fully analyzed at the laboratory to determine the status and cause of the malfunction. All costs for transportation and analysis will be borne by the holder of a casino license and will be billed to the holder of a casino license by the board.
History: 1998 MR 6, Eff. June 26, 1998.

PART 9. INTERNAL CONTROL PROCEDURES

R 432.1901 Applicability of part.

Rule 901. This part applies to casino licensees and casino license applicants.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.1902 Purpose.

Rule 902. The procedures of the internal control system are designed to ensure all of the following:
(a) That assets of the casino licensee are safeguarded.
(b) That the financial records of the casino licensee are accurate and reliable.
(c) That the transactions of the casino licensee are performed only in accordance with the specific or general authorization of this part.
(d) That the transactions are recorded adequately to permit the proper recording of the adjusted gross receipts, fees, and all applicable taxes.
(e) That accountability for assets is maintained in accordance with generally accepted accounting principles.
(f) That only authorized personnel have access to assets.
(g) That recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies.
(h) That the functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel and that no employee of the casino licensee is in a position to perpetuate and conceal errors or irregularities in the normal course of the employee's duties.
(i) That gaming is conducted with integrity and in accordance with the act and these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1903 Board approval of internal control system.

Rule 903. (1) A licensee shall describe, in a manner that the board may approve or require, its administrative and accounting procedures in detail in a written system of internal control. A written system of internal controls shall include a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of these rules. Additionally, the description shall includea separate section for all of the following:
(a) An organizational chart depicting appropriate segregation of functions and responsibilities.
(b) A description of the duties and responsibilities of each position shown on the organizational chart.
(c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of these rules. Additionally, the description shall include a separate section for all of the following:
(i) Physical characteristics of the drop box and tip box.
(ii) Transportation of drop and tip boxes to and from gaming tables.
(iii) Procedures for table inventories.
(iv) Procedures for opening and closing gaming tables.
(v) Procedures for fills and credits.
(vi) Procedures for accepting and reporting tips and gratuities.
(vii) Procedures for transporting chips and tokens to and from gaming tables.
(viii) Procedures for shift changes at gaming tables.
(ix) Drop bucket characteristics.
(x) Transportation of drop buckets to and from electronic gaming devices.
(xi) Procedures for chip and token purchases.
(xii) Procedures for hopper fills.
(xiii) Procedures for the transportation of electronic gaming devices.
(xiv) Procedures for hand-paid jackpots.
(xv) Layout and physical characteristics of the cashier's cage.
(xvi) Procedures for accounting controls.
(xvii) Procedures for the exchange of checks submitted by gaming patrons.
(xviii) Procedures for credit card and debit card transactions.
(xix) Procedures for the acceptance, accounting for, and redemption of, patron's cash deposits.
(xx) Procedures for the control of coupon redemption and other complimentary distribution programs.
(xxi) Procedures for federal cash transactions reporting.
(xxii) Procedures for computer backups and assuring the retention of financial and gambling operation.

(d) Other items as the board may require.
(2) Not less than 90 days before the gambling operation commences, unless otherwise directed by the board, a licensee shall submit, to the board, a written description of its internal control system that is designed to satisfy the requirements of subrule (1) of this rule.
(3) If the written system is the initial submission to the board, then a letter shall be submitted from an independent certified public accountant selected by the board stating that the licensee's written system has been reviewed by the accountant and is in compliance with the requirements of subrule (1) of this rule.
(4) The board shall review each submission required by subrule (2) of this rule and shall determine whether it conforms to the requirements of subrule (1) of this rule and whether the system submitted provides adequate and effective controls for the operations of the licensee. If the board finds any insufficiencies, then the board shall specify the insufficiencies, in writing, and submit the written insufficiencies to the licensee. The licensee shall make appropriate alterations. A licensee shall not commence gambling operations until a system of internal controls is approved.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1904 Amendments to internal control procedures.

Rule 904. All of the following provisions apply to amendments to the internal control procedures:
(a) Unless otherwise provided by the board, amendments to any portion of the internal control procedures shall be submitted to the board not less than 30 days before the amended internal control procedure is utilized.
(b) The board shall, in writing, approve the amendment to the internal control procedure in total or in part.
(c) An amendment to internal control procedures may not be utilized by a casino licensee unless the amendment to the internal control procedure has been approved, in writing, by the board.
(d) A casino licensee shall advise the board of any change in a scheduled event not less than 24 hours before the change is instituted. If the time of the scheduled event has to be altered due to an emergency, then the casino licensee shall immediately notify the board, in writing, and provide a written explanation for the change to the board within 24 hours.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1905 Emergency procedures.

Rule 905. (1) In the event of an emergency, the casino licensee may amend an internal control procedure. The executive director or his or her designee must concur that an emergency exists before amending an internal control procedure.
(2) A casino licensee shall report any emergency amendment of the internal control procedures to the executive director or his or her designee immediately.
(3) A casino licensee shall submit a description of the emergency amendment of the internal control procedures and the circumstances necessitating the emergency amendment to the board within 10 business days of the amendment.
(4) As soon as the circumstances necessitating the emergency amendment to the internal control procedures abate, a casino licensee shall resume compliance with the approved internal control procedures.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.1906 Failure to comply with chapter requirements.

Rule 906. If the board determines that a licensee's administrative or accounting procedures or its written system of internal controls does not comply with the requirements of these rules or requires improvement, then the board shall notify the licensee in writing. Within 15 days after receiving the notification, the licensee shall amend its procedures and written system accordingly and shall submit, for board approval, a copy of the written system, as amended, and a description of any other remedial measures taken.
History: 1998 MR 6, Eff. June 26, 1998.

PART 10. SECURITY AND SURVEILLANCE

R 432.11001 Surveillance and recording systems; staffing; installation of different or new types of audio or visual recording or surveillance technology.

Rule 1001. (1) A casino licensee shall require that the casino surveillance room be staffed by an occupational licensee employed to work in the surveillance department at all times that any of the following occur:
(a) Gaming.
(b) Drop bucket collection process.
(c) Hard count process.
(d) Currency collection process.
(e) Soft count process.
(f) The temporary holding cell is occupied.
(g) Armored car cash deliveries and pickups.
(h) Other times deemed necessary by the board to ensure compliance with the act and these rules.
(2) Subject to approval of the board, a casino licensee may install different or new types of audio or visual recording or surveillance technology in the casino and related facilities for purposes of compliance with the act or these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11002 Surveillance and board surveillance room specifications.

Rule 1002. (1) There shall be recording and monitoring rooms in each casino. The room for the exclusive use of the board and Michigan state police personnel assigned to assist the board in the casino shall be designated the "Board Surveillance Room." The room for the use of the surveillance employees of the gambling operation shall be designated the "Casino Surveillance Room." The casino security office shall be separate from the casino surveillance room and be located in a different area of the building.
(2) Each surveillance room shall be in compliance with both of the following provisions:
(a) Be located out of the general view of patrons and nonsurveillance employees.
(b) Have access limited to surveillance room personnel and persons with a legitimate need to enter the area.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11003 Detained or arrested persons.

Rule 1003. (1) A casino licensee shall immediately report, to Michigan state police personnel assigned to assist the board, the physical detention of a person suspected of criminal activity.
(2) A casino licensee shall provide separate temporary holding areas for male and female detainees or arrestees that are capable of accommodating not less than 4 people for the purposes of detention and arrest. The holding areas shall be in compliance with all of the following provisions:
(a) Be separate and located out of the general view of patrons.
(b) Be easily accessed by the board, law enforcement officers, and casino security officers.
(c) Have adequate soft handcuff restraints affixed to benches for not less than 4 people.
(d) For purposes of monitoring the temporary holding cell when occupied, have a color camera and monitor that are in compliance with the specifications for surveillance equipment specified in these rules.
(e) Have adequate space for detainee processing adjacent to each temporary holding area.
(3) Before a person is secured in the temporary holding area for purposes of detention or arrest, all of the following provisions shall be complied with:
(a) An arrested or detained person shall be thoroughly searched for weapons, illegal substances, and all property.
(b) All items of property, including shoestrings, waist belts, or anything the detained person could use to harm himself or herself or others, shall be itemized on a property form and removed from the detained party.
(c) Property belonging to the detained party shall be secured in a locked storage area specifically designated for detainee property.
(d) The room designated for storage of detainee property shall be surveilled by black and white camera and monitored any time detainee property is stored in the room.

(e) Upon release or transfer of the detained party, casino security officers shall return the detained person's property and have the person sign the itemized property form to document the return.
(f) Completed property forms shall be attached to appropriate incident reports and retained for the required period.
(4) As a general rule, a person shall not be detained in a temporary holding area awaiting transport for more than 2 hours. Other restrictions regarding the use of casino temporary holding areas are as follows:
(a) A juvenile detainee shall not be placed in a temporary holding area without the authorization and review of the ranking Michigan state police officer on-site.
(b) If it becomes necessary to place a juvenile detainee in a temporary holding area, then the juvenile shall be kept out of the visual and physical contact, sight, and sound of adult detainees at all times. This restriction also applies during transports.
(c) Male and female detainees (adult or juvenile) shall not be placed in the same holding area.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11004 Secured delivery station specifications.

Rule 1004. (1) A casino licensee shall provide a secure structure for all of the following purposes:
(a) Armored car cash deliveries.
(b) Armored car cash pickups.
(c) The delivery and pickup of chips, tokens, and other valuables.
(d) The pickup of detainees.
The structure shall be designated the "secured delivery station" and shall be covertly surveilled and monitored during all hours of operation. One-on-one continuous surveillance shall be conducted when deliveries and pickups are made.
(2) A secured delivery station shall be in compliance with all of the following provisions:
(a) Be located out of the general view of patrons, nonsurveillance employees, and nonsecurity employees.
(b) Have not less than 2 garage stalls large enough to accommodate 2 armored trucks and still allow adequate space to comfortably walk around each vehicle.
(c) Have 2 independently operated garage doors that are electronically controlled from the casino surveillance room.
(d) Have a secured room between the secured delivery station and the casino common. The room shall have electronically operated sliding bulletproof glass doors that are programmed so that both doors cannot be open at the same time and neither door can open unless both garage doors to the secured delivery station are closed and secured.
(e) Have color cameras and monitors which are in compliance with the specifications for surveillance equipment in these rules which surveil and monitor activities in all of the following areas:
(i) The secured delivery station.
(ii) The secured room off the secured delivery station.
(iii) Just outside the garage doors to the secured delivery station.
(iv) Just inside the casino common.
(3) Casino surveillance personnel shall advise security officers of deliveries so the officers can provide foot escorts to and from secured areas within the casino. Delivery personnel who are not casino personnel shall not be allowed to walk in the secured areas of the casino without an escort.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11005 Required surveillance equipment.

Rule 1005. (1) A casino licensee shall install a closed circuit television system in accordance with this rule.
(2) A casino shall have a sufficient number of monitors in the surveillance rooms to adequately protect patrons and ensure the integrity of casino gaming. The board surveillance room and the casino surveillance room shall have appropriate switching capabilities to ensure all surveillance cameras are accessible to monitors in each room, except for the camera and monitor that allow the board or Michigan state police personnel assigned to the board, or both, to monitor employees in the casino surveillance room. The

equipment in the board surveillance room shall be able to monitor and record, without being overridden, anything visible by monitor to employees of a casino licensee.

(3) A table game shall have fixed cameras which are in compliance with the requirements for surveillance equipment in these rules and which continuously monitor and record all games during all hours of casino operations.

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

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

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

(i) Be solid state.

(ii) Be 2/3 or ½ format.

(iii) Have a minimum of 400 lines of resolution, be installed in fixed positions, and have a matrix control or pan, tilt, and zoom capabilities.

(iv) Be secreted from the public and nonsecurity personnel view to effectively and clandestinely monitor, in detail, from various points, the coverage described in these rules.

(b) A color television camera shall be in compliance with all of the following requirements:

(i) Be 2/3 or ½ format.

(ii) Have a minimum of 320 lines of resolution and have a matrix control or pan, tilt, and zoom capabilities.

(iii) Be secreted from the public and nonsecurity personnel view to effectively and clandestinely monitor, in detail, from various points, the coverage described in these rules.

(c) A camera that is utilized for observing chips, dice, tokens, playing cards, keno balls, and positions on the roulette wheel shall be equipped with lenses of sufficient magnification capabilities to allow the operator to clearly distinguish the value of all of the following:

(i) Chips.

(ii) Dice.

(iii) Tokens.

(iv) Playing cards.

(v) Keno balls.

(vi) Positions on the roulette wheel.

(d) A monitor shall be in compliance with all of the following requirements:

(i) Meet or exceed the resolution requirements for recording cameras that have solid state circuitry.

(ii) Have a date and time generator that is synchronized to a central clock which can be displayed on any of the monitors while recording on videotape, video pictures, or other means of electronic recording.

(iii) At a minimum, a monitor screen shall measure diagonally not less than 12 inches and have all controls located on the front of the monitor screen.

(e) A recorder shall be in compliance with all of the following requirements:

(i) Be capable of producing high quality, first generation pictures that meet or exceed the resolution requirements for recording cameras.

(ii) Be capable of recording in a board approved format with high speed scanning and have a flickerless playback capability in real time.

(iii) Be capable of recording what is viewed by any camera in the system.

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

(f) A printer that is capable of printing from surveillance-related recording equipment shall be provided and shall be in compliance with all of the following requirements:

(i) Be capable of adjustment.

(ii) Upon command, be capable of generating instantaneous, clear, and color, or black and white copies of images depicted on the surveillance monitor screen or recording devices.

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

(i) Be based on a synchronized central or master clock.

(ii) Be capable of being recorded on tape or other board approved medium and be visible on any monitor when recorded.
(iii) Have a backup power supply so that the generator remains accurate despite power interruptions.
(h) Generator equipment shall allow audio capabilities in the hard and soft count rooms.
(i) A wiring system shall be designed to prevent tampering and must be in compliance with both of the following requirements:
(i) Be supplemented with a backup gas generator power source or diesel generator power source, or both, that automatically engages in case of a power failure.
(ii) Be capable of returning full power within 7 to 10 seconds after a power failure.
(j) Switchers for all surveillance cameras shall be capable of both manual and automatic sequential switching for the appropriate cameras.
(k) Both of the following shall be in reserve in the event of equipment malfunctions:
(i) A minimum of 2 backup cameras.
(ii) Two recording devices.
(l) Fixed-color television cameras designated for table games shall be in compliance with all of the following requirements:
(i) Be 2/3 or ½ format.
(ii) Have a minimum of 320 lines of resolution, be fixed, and be stationed over table games.
(iii) Be secreted from the public's and nonsecurity personnel's view to effectively and clandestinely monitor, in detail, the patrons, players, dealers, and gaming devices of table games.
(6) Casino surveillance room telephones shall be connected to the casino general telephone system and have at least 1 direct outside line that is independent of the casino general telephone system. Casino surveillance radio communications shall be connected with the casino security department.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11006 Required surveillance.

Rule 1006. (1) The surveillance closed circuit television system shall be capable of covertly monitoring activities on the casino floor and related areas, including patron parking areas and patron passages leading to and from the casino operation and gambling operation areas, as required in these rules.
(2) The board may require additional areas be monitored to ensure compliance with the act and these rules and to ensure the safety of patrons and the integrity of gambling.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11007 Surveillance system coverage.

Rule 1007. (1) All of the following areas shall be covertly monitored in accordance with these rules:
(a) Live gaming devices.
(b) Pits.
(c) Electronic gaming device areas.
(d) Areas of the main bank.
(e) Hard count room.
(f) Soft count room.
(g) Occupied temporary holding area.
(h) Secured delivery station.
(i) Garages, pedestrian walkways, and parking lots.
(2) The surveillance system shall provide an overall view of live table games that permits clear identifying of all of the following:
(a) Dealers.
(b) Patrons.
(c) Hands of all participants.
(d) Facial views of all participants.
(e) All pit personnel.
(f) Activities of all pit personnel.
(3) The playing surface of the tables shall be viewed with sufficient clarity to determine all of the following:

(a) All wagers.
(b) Card values.
(c) Game results.
(4) The playing surface of the tables shall be viewed with sufficient clarity to clearly observe, in detail, all of the following:
(a) Chip trays.
(b) Token holders.
(c) Cash receptacles.
(d) Tip boxes.
(e) Dice.
(f) Shuffle machines.
(g) Card shoes.
(5) Roulette tables shall be viewed with color cameras.
(6) Electronic gaming device surveillance systems shall be capable of providing all of the following:
(a) A reasonably clear view of all gaming patrons.
(b) A facial view of all gaming patrons with sufficient clarity to allow identification of the patron.
(c) A view of the electronic gaming device with sufficient clarity to observe the results of the game.
(d) An overall view of the areas around the electronic gaming device.
(e) A view of bill validators with sufficient clarity to determine the bill value and the amount of credit obtained.
(7) The surveillance system shall be capable of providing a reasonably clear view of all of the following:
(a) Activity by players and employees, alone or in concert, that may constitute cheating or stealing.
(b) Failure of employees to follow proper procedures and internal controls.
(c) Treatment of disorderly persons.
(d) Treatment of persons on the exclusion list.
(e) Arrests and evictions.
(f) Treatment of ill or injured patrons.
(g) The activities of detainees in the temporary holding area.
(h) Movement of cash, tokens, cards, chips, or dice on the casino floor. Upon notification of intended movement of any cash, tokens, cards, chips, or dice, both of the following provisions shall be complied with:
(i) The surveillance system personnel shall record the notification in the activities log.
(ii) During the course of routine surveillance, the progress of the movement shall be monitored to ensure that all procedures and internal controls are followed.
(i) Areas where any of the following items are stored shall be monitored by a dedicated camera capable of continuous recording or motion activation:
(i) Cash.
(ii) Tokens.
(iii) Chips.
(iv) Cards.
(v) Dice.
(vi) Drop buckets containing tokens or any monetary equivalent.
(j) Areas where any of the following items are transported or stored shall be monitored by a dedicated camera capable of continuous recording or motion activation:
(i) Uncounted tokens.
(ii) Chips.
(iii) Cash.
(iv) Cash equivalents.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11008 Surveillance system requirements.

Rule 1008. (1) Surveillance shall visually record all of the following activity:
(a) Observed criminal activity.
(b) Arrests or evictions.

(c) Observed procedural violations by employees.
(d) Detention of persons and security of their property.
(e) Emergency activities capable of being observed by the system.
(f) Armored car and other delivery and pickups from the secured delivery station.
(g) Any other activity deemed necessary by the board to ensure compliance with the act and to ensure protection of the public and the integrity of gaming.
(2) Surveillance shall audibly and visually record both of the following:
(a) Soft count procedures.
(b) Hard count procedures.
(3) Surveillance shall monitor and visually record all of the following:
(a) Currency collection.
(b) Drop bucket collection.
(c) Armored car deliveries and pickups in the secured delivery station.
(d) Keno ball drawing devices. The view of the keno area shall be in compliance with both of the following provisions:
(i) Provide sufficient clarity to identify the numbers on the balls.
(ii) Provide a general view of the keno area with sufficient clarity to identify employees involved in the game.
(e) Main banks, including both of the following:
(i) The capability to monitor and record a general overview of the activities in each cage and vault area with sufficient clarity to identify patrons and employees.
(ii) A dedicated camera to monitor, record, and identify, with sufficient clarity, the currency, coin, token and chip values, and the amounts of credit slips and fill slips in any area where fills and credits are transacted.
(f) Security department offices, including complying with all of the following provisions:
(i) The capability to monitor and record, both audibly and visually, all activities in any area of the security office where a person may be detained and questioned by the security department. All areas where a person may be detained and questioned shall display a notice clearly stating that the area is or may be under surveillance.
(ii) All detention and questioning of detained individuals by casino security personnel must be recorded.
(iii) A notice shall be posted in the security office stating that the area is under surveillance.
(g) Entrances and exits of the casino and entrances and exits of all of the following rooms in the casino:
(i) Count rooms.
(ii) Vaults.
(iii) Surveillance rooms.
(iv) Security rooms.
The entrances and exits described in this subdivision shall have dedicated monitoring and recording devices that have sufficient clarity to afford a reasonable opportunity to identify any person using the entrances and exits.
(h) On-site maintenance and repair service, including complying with all of the following provisions:
(i) Surveillance personnel shall be notified of any maintenance or repair of any gaming or money handling equipment.
(ii) Notation of the service shall be made in the activity log.
(iii) Repair shall be periodically monitored in conjunction with routine monitoring activities to ensure that proper controls and procedures are being followed by casino personnel.
(iv) The provisions of this subdivision are not applicable to routine operations, such as jackpot payouts, hopper fills, and hopper jams.
(4) Surveillance shall monitor, by a dedicated camera, and continuously record any electronic gaming device or group of electronic gaming devices that have a possible jackpot payout of more than $100,000.00.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11009 Retention of recorded activities.

Rule 1009. (1) A recorded activity (visual or audio) shall be retained and maintained in accordance with this rule.

(2) A recording of routine activity shall contain a date and time reading and shall be retained for not less than 14 days.
(3) A visual or audio recording of detention or questioning of a detained individual or employee shall be immediately provided to the board. The recording shall contain a date and time reading and shall be marked with all of the following:
(a) The date and time the recording was made.
(b) The identities of the employee or employees responsible for the monitoring.
(c) The identity of the employee who removed the recording from the recorder and the time and date removed.
The recording shall be retained for not less than 14 days after the original recording is provided to the board.
(4) An original recording of a violation of internal controls or criminal activity shall be immediately provided to the board. The recording shall contain a date and time reading and be marked with all of the following:
(a) The date and time the tape was made.
(b) The identity of the employee responsible for the monitoring.
(c) The identity of the employee who removed the recording from the recorder.
A copy of the recording shall be retained for not less than 14 days after the original is provided to the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11010 Segregated and secured telephone communication.

Rule 1010. A casino licensee shall provide, in the board surveillance room and board casino premises, a segregated and secured telephone communications system for use by the board and Michigan state police personnel assigned to assist the board. The system in each room shall include a direct emergency line for all of the following:
(a) The Michigan state police regional dispatch center.
(b) The city of Detroit fire department.
(c) The Detroit police dispatch center.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11011 Daily surveillance logs; visitors logs.

Rule 1011. (1) A casino licensee shall maintain a daily surveillance log and a log of visitors to the surveillance room. A daily surveillance log shall be in compliance with all of the following provisions:
(a) Be continuously maintained by surveillance personnel.
(b) Be changed with each shift change of personnel.
(c) Be chronological.
(d) Contain, at a minimum, all of the following information:
(i) The date and time of each entry.
(ii) The identity of the employee making the entry.
(iii) A summary of the activity recorded.
(iv) Detail whether the activity was monitored.
(v) Detail the disposition of the tape, if recorded.
(e) Unless otherwise directed by the board, include entries for all of the following information:
(i) The identity of the surveillance room personnel each time they enter or depart the surveillance room and the reason for the entry or departure.
(ii) The notification of any maintenance or repair of any gaming device or money handling equipment.
(iii) Live table drop box exchanges.
(iv) Electronic gaming device drop bucket exchanges.
(v) Transfers of cash, chips, tokens, cards, or dice.
(vi) Any detention or questioning of patrons or employees by the security department, including the identity of the patrons or employees and the security department personnel involved.
(vii) The beginning, end, and any interruptions of the soft count.
(viii) The beginning, end, and any interruptions of the hard count.
(ix) An observed violation of these rules or of the licensee's internal control procedures.
(x) An observed criminal activity.

(xi) A pertinent telephone call.
(xii) Pertinent radio transmission.
(xiii) Malfunction or repair of surveillance equipment.
(xiv) An emergency activity.
(xv) Surveillance conducted on anyone or any activity that appears unusual, irregular, or illegal or appears to violate the act or these rules.
(xvi) Surveillance conducted at the request of a casino licensee, an employee of the casino licensee, a board employee, or the Michigan state police.
(xvii) Other notations deemed necessary by surveillance room personnel or the board to ensure compliance with the act and these rules. The provisions of this subdivision are not applicable to routine operations, such as jackpot payouts, hopper fills, and hopper jams.
(f) Be retained for not less than 90 days.
(2) A visitors log shall be in compliance with all of the following provisions:
(a) Include the signature of anyone other than surveillance room personnel on duty, who accesses the surveillance room.
(b) Identify all visitors.
(c) State the department or agency the visitor represents.
(d) State the reason for access to the room.
(e) Provide the date and time of arrival and departure from the room.
(f) Be retained not less than 90 days.
(3) All surveillance room tapes, logs, and reports shall be in compliance with both of the following provisions:
(a) Be retained in a manner to allow them to be easily retrieved by any of the following:
(i) Time.
(ii) Date.
(iii) Location of activity.
(iv) Type of activity.
(b) Be furnished to the board or personnel of the Michigan state police assigned to the board immediately upon demand. A casino licensee may retain a copy of any tape, log, or report at the casino licensee's own expense.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11012 Michigan gaming control board; casino premises office.

Rule 1012. A casino licensee shall provide a secure and segregated room at the casino premises for the exclusive use of the board. The room shall be in addition to the board surveillance room and shall be a size approved by the board based on casino size and board staffing needs within the casino. The board casino premises office shall have a secure telephone line that has a different number than the telephone line of the casino. The secure telephone line shall provide not less than 4 extensions and direct emergency lines as described in these rules. A casino licensee shall provide 10 parking spaces located in close proximity to the casino for exclusive use of the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11013 Surveillance equipment; maintenance and malfunctions.

Rule 1013. (1) The Michigan state police gaming section shall be informed if surveillance equipment is expected to be out of service for more than 30 minutes due to maintenance or malfunction.
(2) Unless otherwise directed by the board, a licensee shall replace equipment expected to be out of service for more than 30 minutes with alternate camera coverage or, at the discretion of the board, shall cover the equipment with live surveillance.
(3),The board will periodically inspect the surveillance room to ensure all of the following:
(a) All equipment is working properly.
(b) Camera views are not blocked or distorted by improper lighting or obstructions.
(c) All required surveillance capabilities are in place.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11014 Emergency procedures.

Rule 1014. (1) Before a licensee has operated a casino gambling operation for 120 days, the casino licensee or applicant shall submit, to the board, the Michigan state police gaming section, and the city of Detroit fire department, an emergency action plan for the response to, and management of, fire and medical emergencies and natural disasters in all areas of the casino and related casino enterprises. The plan shall include procedures for notification of the Michigan state police gaming section, the Detroit fire department fire or emergency medical personnel, or both, and procedures for expedited and unimpeded access of the personnel into all areas of the casino or casino enterprise in the event of a fire, medical, or other emergency. The plan shall also include an inspection schedule allowing Michigan state police gaming section and Detroit fire department personnel to inspect all areas of the casino and casino enterprises for compliance with applicable fire and emergency laws, codes, and ordinances.

(2) In an emergency, the safety of patrons and personnel is the first priority.

(3) In an emergency, established emergency management, response, and evacuation plans, as set forth in Michigan law and chapter 19, ordinance 593h of the ordinances of the city of Detroit shall be followed.

(4) All of the following actions shall be taken in an emergency if sufficient time exists:

(a) Secure all records.

(b) Replace all recordings.

(c) Set recorders for slow speeds.

(d) Activate dedicated cameras and recording devices.

(e) Set all other available cameras and recorders.

(5) A licensee shall place cameras and recording devices in areas where unusual occurrences have been observed or where reason exists to believe unusual occurrences will occur.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.11015 Incident management training required.

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

(2) The training will be geared to prepare casino surveillance and security personnel in the proper procedures to follow in the event of a fire, robbery attempt, bomb threat, terrorist activity, medical emergency, or other major occurrence. Training will be geared to instruct casino personnel in all of the following:

(a) Procedures to follow.

(b) Notifications to make, for example, police, fire, ambulance, hospitals.

(c) Securing the facility.

(d) Communications with Michigan state police and Detroit police dispatch centers and the Detroit fire department.

(e) Evacuation.

(f) Fire and medical emergencies.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.11016 Surveillance plan.

Rule 1016. (1) A casino licensee shall submit a surveillance plan to the board not less than 90 days before the commencement of gambling operations.

The plan shall include both of the following:

(a) A floor plan that shows the placement of all surveillance equipment.

(b) A detailed description of the surveillance system and its equipment.

(2) Unless recommended by board personnel, a casino licensee shall submit alterations to the surveillance plan to the executive director not less than 30 days before the institution of the alterations. Alterations recommended by board personnel may be implemented as agreed to by the licensee and the board.

(3) A casino licensee shall submit all of the following alteration information:

(a) Details of the change, including the floor plan.

(b) The reason for the change.

(c) Expected results of the change.
(4) A casino licensee shall submit the surveillance plan to the board for approval. A casino licensee can commence operations if a surveillance plan is approved. The board shall advise the casino licensee of the decision in writing. A casino licensee shall not commence operations or institute alterations if the surveillance plan or alterations are disapproved.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11017 Surveillance of employees.

Rule 1017. (1) An employee whose duties will be monitored in accordance with this rule shall be informed before commencing his or her duties that his or her surveillance is a requirement of employment.
(2) An employee whose duties will be monitored in accordance with this rule shall sign a written statement before commencing his or her employment indicating that the employee understands that he or she will be under surveillance.
(3) A casino licensee shall maintain each signed statement for 1 year after employment ends.
(4) An employee shall sign an updated statement before commencing a new position or before being rehired into a previous position if the new position requires employee surveillance.
(5) An area under surveillance and accessible only to employees shall display a notice clearly stating that the area is under surveillance.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11018 Communications equipment.

Rule 1018. A licensee or applicant shall assure that portable telephone or 2-way radio communication equipment, or both, may be operated from all areas of the casino or casino enterprise, including, but not limited to, secure or underground areas.
History: 1998 MR 6, Eff. June 26, 1998.

PART 11. SEIZURE, FORFEITURE AND DISCIPLINARY HEARINGS

R 432.11101 Board license as revocable privilege; reasons for investigation of, or disciplinary action against, licensee; hearing procedure.

Rule 1101. (1) A board licensee has a continuing duty to maintain suitability for licensure. A board license does not create a property right, but is a revocable privilege contingent upon continuing suitability for licensure.
(2) The board may initiate an investigation or a disciplinary action, or both, against a licensee if the board has reason to believe that at least 1 of the following provisions applies:
(a) The licensee is not maintaining suitability for licensure.
(b) The licensee is not complying with licensure conditions.
(c) The licensee is not complying with the act, these rules, or its agreements with any governmental authority.
(3) The board shall appoint a board member or an administrative hearing officer to conduct a hearing after a complaint has been filed.
(4) The respondent shall submit an original and 2 copies of a request, pleading, or other written document submitted to the board at its offices in Ingham county and shall serve a copy on each party or attorney of record.
(5) The respondent and the board shall include a certificate of service with each pleading. The certificate of service shall indicate that the pleading has been served on each attorney or party of record.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11102 Respondent rights.

Rule 1102. In a disciplinary or seizure and forfeiture hearing, the respondent is entitled to both of the following:
(a) Proper notice of all allegations contained in the complaint.

(b) The ability to confront the evidence presented against the respondent, including, but not limited to, the right to all of the following:
(i) Counsel at respondent's expense.
(ii) Present a defense.
(iii) Call witnesses.
(iv) Request the issuance of subpoenas.
(v) Cross examine witnesses.
(vi) Submit legal arguments.
(vii) Participate fully in the proceeding.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11103 Complaint.

Rule 1103. (1) If the board becomes aware of facts sufficient to support a seizure and forfeiture of a gaming device under the act or a disciplinary action against an applicant or a licensee under the act or these rules, then the board may, after investigation, order the seizure and forfeiture of the gaming device or may initiate a disciplinary action against a licensee. If the board becomes aware of facts that demonstrate lack of compliance with the terms of a certificate of suitability, the act, or these rules, or a development agreement, then the board may, after investigation, initiate action to suspend, revoke, or take other action regarding a certificate of suitability and to deny the application for a casino license.
(2) The seizure and forfeiture of a gaming device, a disciplinary action, or an action on a certificate of suitability or a license application is initiated by the filing of a complaint with the board.
(3) The complaint shall be in compliance with all of the following requirements:
(a) Be in writing.
(b) State the name of the respondent. State the address and telephone number of the respondent that are on file with the board.
(c) Identify the gaming device that is the subject matter of the seizure and forfeiture action.
(d) State in detail the reasons why, and the facts upon which the board will rely to show that, the respondent should be disciplined, the gaming device should be seized and forfeited, or a certificate of suitability should be revoked or suspended or other action taken or a license application denied.
(e) Have a title and case number assigned to the matter.
(f) Be signed and dated by the executive director or the executive director's designee.
(g) Be accompanied by a certificate of service indicating the date of service.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11104 Answer.

Rule 1104. (1) A respondent shall file an answer within 21 days of service of the complaint.
(2) An answer shall be in compliance with all of the following requirements:
(a) Be in writing.
(b) Contain an admission or denial of each factual allegation or a statement neither admitting nor denying with a supporting reason.
(c) Set forth any affirmative defense that the respondent wishes to plead.
(d) An answer shall be signed, verified, and dated by the respondent. The verification shall be notarized and shall include a certification stating, "Under the penalty of perjury, the undersigned has examined the answer and to the best of my knowledge and belief, it is true, complete, and correct."
(3) Default judgment or dismissal may result at any stage of the proceeding.
If a respondent fails to take action for which it is responsible for a period of 60 days, then default judgment may be entered against the respondent or the case shall be dismissed, unless good cause is shown and default would be contrary to the public interest.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11105 Appearances.

Rule 1105. A respondent may represent himself or herself or may be represented by an attorney.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11106 Proceedings.

Rule 1106. (1) All proceedings related to seizures, forfeitures, and disciplinary hearings shall be conducted in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws, and the procedures for denial and exclusion hearings, except as otherwise provided in the act and these rules. The board shall have the affirmative responsibility of establishing, by a preponderance of the evidence, that the respondent should be disciplined or the gaming device or gaming devices should be seized and forfeited.

(2) The respondent has the burden of proof to prove the allegations in an affirmative defense contained in the answer. The respondent shall have the affirmative responsibility of establishing the elements of an affirmative defense by a preponderance of the evidence.

(3) Testimony shall be given under oath or affirmation. The hearing officer or recorder shall be authorized to administer oaths and affirmations.

(4) Both parties may present an opening statement on the merits. The board proceeds first followed by the respondent. The respondent may reserve opening statement for a later time. The hearing officer may determine the length of time each party is permitted to present an opening statement. The parties may call witnesses in accordance with Act No. 306 of the Public Acts of 1969, as amended, being § 24.201 et seq. of the Michigan Compiled Laws and, subject to the discretion of the hearing officer, a former member of the board or former employee of the board may appear to testify as a fact witness about actions by the member or employee during his or her tenure as a member or employee with the board. A licensee, applicant, or the board shall not compensate a fact witness for his or her appearance other than a standard witness fee and reimbursement for travel expenses as established by statute or court rule.

(5) The board shall then present the board's case-in-chief.

(6) Upon conclusion of the board's case-in-chief, the respondent may move for a directed finding. The hearing officer may hear arguments on the motion or may grant, deny, or reserve any decision on the motion, with or without argument.

(7) If a motion for directed finding is not made, or if the motion is denied or a decision reserved on the motion, the respondent may present its case.

(8) Each party may conduct cross-examination of adverse witnesses.

(9) Upon conclusion of the respondent's case, the board may present evidence in rebuttal.

(10) The hearing officer may ask questions of the witnesses and may request or allow additional evidence at any time, including additional rebuttal evidence.

(11) Both parties may present closing argument. The board proceeds first, then the respondent, and, thereafter, the board may present rebuttal argument. The hearing officer may determine the length of time each party is permitted for the presentation of closing argument.

(12) The hearing officer may require or allow the parties to submit post-hearing briefs and findings of fact and conclusions of law within 10 days of the conclusion of the hearing or within another time period determined by the hearing officer.

(13) Only the board and the respondent may be parties in proceedings under this rule, except that the attorney general may intervene and represent the interests of the people of the state of Michigan in accordance with state law.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.11107 Sanctions and penalties.

Rule 1107. (1) The hearing officer may impose sanctions and penalties if the hearing officer finds that a party has failed to appear for a scheduled hearing, acted in bad faith for the purpose of delay, or has otherwise abused the hearing process. Upon the presentation of a prima facie case, sanctions and penalties may include, but are not limited to, the following:

(a) Default judgment or a directed finding on 1 or more issues.

(b) A fine or costs.

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

(3) If the respondent or its agent fails to answer a subpoena or refuses to testify fully at the request of the board, then the failure may be deemed independent grounds for a finding that the gaming device should have been seized and forfeited or the respondent should be disciplined. The hearing officer may also infer that the testimony would have been adverse to the respondent.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11108 Actions available to hearing officer and board.

Rule 1108. (1) The board or the board's hearing officer may take any of the following actions in an action to seize and forfeit a gaming device:
(a) Seize and forfeit any gaming device that is not in compliance with the act or these rules.
(b) Require the destruction or other appropriate disposal of any gaming device that is not in compliance with the act or these rules. Before the disposal of any gaming device, the board shall do both of the following:
(i) Take a photograph that demonstrates the nature of the gaming device.
(ii) Record an adequate description of the gaming device.
(c) Impose any appropriate action set forth in subdivision (2) of this subrule on a person who possesses any gaming device that is not in compliance with the act or these rules.
(2) The board or the board's hearing officer may take any of the following actions in a disciplinary action against a licensee:
(a) Suspend, revoke, restrict, or place conditions on, the license of a licensee or a certificate of suitability.
(b) Require the removal of a licensee or the removal of an employee of a licensee.
(c) Impose a civil penalty of up to $10,000.00 or an amount equal to the daily gross receipts, whichever is greater, against a casino licensee for each violation of the act or these rules.
(d) Impose against a supplier licensee for each violation of the act or these rules, a civil penalty of $5,000.00 or an amount equal to 3 times the amount of proceeds that were or could have been improperly received by the supplier as a result of the violation or attempted violation of the rules.
(e) Impose against an occupational licensee, for each violation of the act or these rules, a civil penalty of not more than $5,000.00 or an amount equal to 3 times the amount of proceeds that were or could have been improperly received by the occupational licensee as a result of the violation or attempted violation of the rules.
(f) Any other action deemed necessary by the board to ensure compliance with the act or these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11109 Special proceedings.

Rule 1109. (1) The board may suspend a license issued to a casino licensee without notice or hearing if the board determines that the safety or health of patrons or employees would be threatened by the continued operation of the casino or that the action is necessary for the immediate preservation of the integrity of casino gaming, public peace, health, safety, morals, good order, or general welfare.
(2) If the board determines that an emergency exists, then the board may suspend a casino owner's license, a supplier's license, or an occupational license by 1 of the following procedures:
(a) By an authorized individual or panel of individuals without notice or an evidentiary proceeding.
(b) After a hearing conducted by a hearing officer.
The resulting order shall include a brief statement of the facts and the law that justifies the board's decision to take the specific action.
(3) The suspension of the casino owner's license may continue until the board determines that the cause for the suspension of the license has been abated.
(4) The board may revoke the casino owner's license if the board determines that the casino licensee has not made satisfactory progress toward abating the hazard to the safety or health of patrons or employees within a reasonable period of time.
History: 1998 MR 6, Eff. June 26, 1998.

PART 12. ACCOUNTING RECORDS AND PROCEDURES

R 432.11201 Ownership records.

Rule 1201. A casino licensee shall keep and provide to the board upon request, all of the following records:

(a) If a casino licensee is a corporation, then all of the following records:

(i) A certified copy of the articles of incorporation and any amendments.

(ii) A certified copy of the bylaws and any amendments.

(iii) A certificate of good standing from the state of its incorporation.

(iv) If the corporation is operating as a foreign corporation in Michigan, a certificate of authority from the Michigan corporations and securities bureau authorizing it to do business in Michigan.

(v) A list of all current and former officers and directors for a period of 7 years before Michigan licensure.

(vi) A certified copy of minutes of all meetings of the stockholders and directors for a period of 5 years before Michigan licensure.

(vii) A current list of all current stockholders, including the names of beneficial owners of shares held in street or other names.

(viii) The name of a company and a current list of all stockholders in the company, including the names of beneficial owners of shares held in street or other names, in which the corporation has a direct, indirect, or attributed interest.

(ix) A copy of the stock certificate ledger or its electronic equivalent.

(x) A complete record of all transfers of stock to the extent available to the licensee or applicant.

(xi) A schedule of amounts paid to the corporation for the issuance of stock and other capital contributions and the dates the amounts were paid.

(xii) A schedule of all dividends distributed by the corporation.

(xiii) A schedule of all direct or indirect salaries, wages, and other remuneration, including prerequisites, paid during the calendar or fiscal year by the corporation to all officers, directors, and stockholders that have an ownership interest, at any time during the calendar or fiscal year, that is more than 5% of the outstanding capital stock of any class of stock.

(b) If a casino licensee is a limited liability company, then all of the following records:

(i) A certified copy of the articles of organization.

(ii) A certified copy of the operating agreement.

(iii) A list of all current and former managers, including names and addresses.

(iv) A list of the members, including all of the following information:

(A) Names.

(B) Addresses.

(C) The percentage of interest in net assets, profits, and distributions of cash held or attributable to each.

(D) The amount and date of each capital contribution of each member.

(E) The date the interest was acquired.

(F) The method of determining a member's interest.

(v) A schedule of all withdrawals of company funds or assets by members.

(vi) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to each member during the calendar or fiscal year.

(vii) A copy of the membership ledger or its electronic equivalent.

(viii) A complete record of all transfers of membership interests.

(ix) A schedule of amounts paid to the company for the issuance of membership interests and other capital contributions and the dates the amounts were paid.

(c) If a casino licensee is a partnership, then all of the following records:

(i) A certified copy of the partnership agreement.

(ii) A certificate of limited partnership of its domicile.

(iii) A list of the partners, including all of the following information:

(A) Names.

(B) Addresses.

(C) The percentage of interest in net assets, profits, and losses held by each partner.

(D) The amount and date of each capital contribution of each partner.

(E) The date the interest was acquired.

The list shall also describe the form of the person's partnership interest, for example, limited partner.
(iv) A schedule of all withdrawals of partnership funds or assets.
(v) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to each partner during the calendar or fiscal year.
(d) If a casino licensee is a sole proprietorship, then all of the following records:
(i) A schedule showing the name and address of the proprietor and the amount and date of his or her original investment.
(ii) A schedule of the dates and amounts of subsequent additions to the original investment and any withdrawals.
(iii) A schedule of direct or indirect salaries, wages, and other remuneration, including prerequisites, paid to the proprietor during the calendar or fiscal year.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11202 Accounting records.

Rule 1202. (1) A casino licensee shall maintain complete, accurate, legible, and permanent records of all transactions pertaining to its revenues and expenses, assets, liabilities, and equity in conformance with generally accepted accounting principles. The board may direct a casino licensee to alter the manner in which the records are maintained if the licensee's records are not in accordance with generally accepted accounting principles or if the records are not in sufficient detail.
(2) The accounting records shall be maintained using a double entry system of accounting with transactions recorded on the accrual basis and supported by detailed subsidiary records.
(3) The detailed subsidiary records shall include, at a minimum, all of the following:
(a) Detailed general ledger accounts identifying all revenue, expenses, assets, liabilities, and equity for a casino licensee.
(b) A record of all investments, advances, loans, and accounts receivable balances due the establishment.
(c) A record of all loans and other accounts payable by a casino licensee.
(d) A record of all accounts receivable written off as uncollectible by a casino licensee.
(e) Journal entries prepared by a casino licensee.
(f) Tax work papers used in preparation of any state or federal tax return.
(g) Records that identify table drop, table win, and percentage of table win to table drop for each live game and records accumulated for each type of live game by shift or by another accounting period approved by the executive director.
(h) Records that identify all of the following on a per day basis or other accounting period approved by the board:
(i) The actual tokens in.
(ii) Electronic gaming device drop.
(iii) Electronic gaming device win.
(iv) Electronic gaming device win to electronic gaming device drop.
(v) Theoretical payout percentage of each electronic gaming device.
(i) Records supporting the accumulation of the costs for complimentary services and items. A complimentary service or item provided to patrons in the normal course of a casino business shall be recorded at an amount based upon the full retail price normally charged for the service or item.
(j) Records that identify the purchase, receipt, and destruction of gaming chips and tokens from all sources, including receipts from bill validators.
(k) Records required to fully comply with all the federal financial record-keeping requirements enumerated in 31 C.F.R. part 103.
(l) Records required by a casino licensee's internal control system.
(m) Work papers supporting the daily reconciliation of cash accountability.
(n) Other records that the board requires to be maintained.
(4) If a casino licensee fails to maintain the records used by it to calculate the gross revenues, then the board may compute and determine the amount upon the basis of an audit conducted by the board using available information.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11203 Standard financial and statistical records.

Rule 1203. (1) A casino licensee, unless specifically exempted by the board, shall file monthly, quarterly, and annual reports of financial and statistical data in a format prescribed by the board.

(2) The board shall periodically prescribe a set of standard reporting forms and instructions to be used in filing monthly, quarterly, and annual reports.

(3) The board shall prescribe a uniform chart of accounts, including account classifications, in order to ensure consistency, comparability, and appropriate disclosure of financial information. The prescribed chart of accounts shall be the minimum level of detail to be maintained for each accounting classification by a casino licensee.

(4) Annual reports shall be based on a calendar year beginning January 1 and ending December 31, unless otherwise approved by the board. Quarterly reports shall be based on the calendar quarters ending March 31, June 30, and September 30. Monthly reports shall be based on calendar months. Quarterly and monthly reports shall contain a cumulative year-to-date column in this rule to facilitate analysis.

(5) The reports required to be filed in this rule shall be sworn to and signed by the following entities:

(a) If the reports are from a corporation, then the chief executive officer and 1 of the following entities:

(i) Financial vice president.

(ii) Treasurer.

(iii) Controller.

(b) If the reports are from a limited liability company, then by a manager.

(c) If the reports are from a partnership, then by a general partner and financial director.

(d) If the reports are from a sole proprietorship, then by the proprietor.

(e) If the reports are from any other form of business association, then by the chief executive officer.

(6) A report shall be addressed to the board and postmarked not later than the required filing date. The required filing dates are as follows:

(a) A monthly report is due on the thirtieth calendar day of the following month.

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

(c) An annual report is due on the fifteenth calendar day of the third month following the end of the year.

(7) If there is a termination or suspension of the casino license, a voluntary or involuntary change in the company, or a material change in ownership, then a casino licensee shall file an interim quarterly report as of the date the event occurs, unless the event has already been disclosed in a regular quarterly report or unless exempted by the board. The filing date shall be 30 calendar days after the date the event occurs.

(8) An adjustment that results from the quarterly and annual audits shall be recorded in the accounting records. If an adjustment was not reflected in a casino licensee's quarterly or annual reports and if the board concludes that the adjustment is significant, then a revised report may be required from a casino licensee. The revised filing shall be due within 30 calendar days after written notification to a casino licensee.

(9) A delay in mailing, mail pickups, and postmarking is the responsibility of the casino licensee.

History: 1998 MR 6, Eff. June 26, 1998.

R 432.11204 Quarterly and annual audits and licensee annual compliance reports.

Rule 1204. (1) All of the following provisions apply to annual and special audits and other reports:

(a) In accordance with section 14 of the act, the board shall require quarterly and annual audits of the financial condition of the casino licensee's total operations. An independent certified public accountant who is, or whose firm is, licensed in the state of Michigan shall perform the quarterly and annual audits. The independent certified public accountant who performs the quarterly and annual audits shall be licensed in Michigan.

(b) The quarterly and annual audits shall be performed and presented in accordance with generally accepted accounting principles and contain the opinion of the independent certified public accountant as to its fair preparation and presentation in accordance with generally accepted accounting principles.

(c) To assure the integrity of gaming and compliance with the act and these rules, the board may require a special audit of a casino licensee to be conducted by board personnel or an independent certified public accountant who is, or whose firm is, licensed in Michigan. The board shall establish the scope, procedures and reporting requirements of a special audit.
(d) An audit required in this rule and filed with the board shall, at the same time, be filed with the city.
(2) The board shall require annual compliance reports to be prepared by the licensee and submitted in a manner and form prescribed by the board. The annual compliance report shall address all of the following areas:
(a) Compliance with procedures to ascertain that gross receipts are determined and state and local taxes paid, in conformity with the act and these rules.
(b) Compliance with applicable ordinances and agreements with other governmental authorities.
(c) Compliance with board-approved internal control procedures, accounting procedures, credit procedures, dispute procedures, and board-imposed security and safety requirements.
(d) A material deviation from the casino licensee's approved internal control procedures, accounting procedures, credit and dispute procedures, and board-imposed security and safety requirements.
(e) Corrective action taken by the licensee to resolve deficiencies observed in subdivisions (a) to (d) of this subrule.
(f) Other matters required by the board to measure the licensee's compliance with the act and these rules.
(3) The board shall determine the date of filing and the number of copies of audits or reports required under this rule. The audits or reports shall be received by the board or postmarked not later than the required filing date. Delays in mailing, mail pickups, and postmarking are the responsibility of the casino licensee.
(4) A casino licensee who is a public reporting company under the securities and exchange act of 1933 or 1934, 15 U.S.C. § 77 and 15 U.S.C. § 78 shall submit a copy of all reports required by the securities and exchange commission to the executive director in a format prescribed by the board. The reports shall be due on the same filing dates as required by the securities and exchange commission.
(5) A casino licensee shall bear the expense of preparing an audit which is required by this rule and which is performed by an independent certified public accountant. Qualified personnel of the casino licensee shall prepare compliance reports and the casino licensee shall bear the expense of preparing the compliance reports.
(6) The reporting year-end of the holder of a casino license shall be December
31 unless otherwise approved by the board.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11205 Accounting controls within the cashier's cage.

Rule 1205. (1) The assets for which a cashier is responsible shall be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift shall record, on a cashier's count sheet, the face value of each cashier's cage inventory item counted and the total of the opening and closing cashier's cage inventories and shall reconcile the total closing inventory to the total opening inventory. The cashiers shall sign the completed cashier's count sheet attesting to the accuracy of the information contained on the cashier's count sheet.
(2) At the conclusion of each day, at a minimum, a copy of the cashier's count sheet and related documentation shall be forwarded to the accounting department.
(3) All accounting controls within the cashier's cage shall conform with the
approved internal control system.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11206 Procedures for exchange of checks submitted by gaming patrons and granting credit.

Rule 1206. (1) Except as otherwise provided in this rule, a casino licensee shall not make a loan, or otherwise provide credit to an individual to enable an individual to take part in gambling. The failure to deposit a negotiable instrument for collection by the next banking day after the instrument is received shall be considered an extension of credit.

(2) A casino licensee may extend credit to a patron only in the manner provided in its internal control system approved by the board.
(3) The internal control system shall ensure both of the following:
(a) That each credit transaction is promptly and accurately recorded in appropriate credit records.
(b) That credit may be extended only in a commercially reasonable manner considering the assets, liabilities, prior payment history, and income of the patron to the extent available.
(4) Credit shall not be extended beyond the approved credit line.
(5) A casino licensee shall provide, to the executive director, a monthly report detailing credit issued, an aging of outstanding credit amounts, and collection activities taken with respect to aging accounts and accounts written off as uncollectible.
(6) In accordance with the act, the value of chips or tokens issued to a patron upon the extension of credit, the receipt of a check or other instrument, or through a complimentary distribution program shall be included in the computation of gross receipts.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11207 Handling cash at gaming tables.

Rule 1207. (1) A gaming employee who receives any currency or cash equivalents from a patron in the gaming area shall promptly place the currency or cash equivalent in the drop box.
(2) A cash wager shall not be allowed to be placed at any gaming table. The cash shall be converted to chips before a wager is accepted.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11208 Tips or gratuities.

Rule 1208. (1) A gaming employee shall not accept currency as a tip or gratuity from any patron. This subrule does not apply to waiters, waitresses, bartenders, or other food or beverage servers in the casinos.
(2) A gambling operation key person, box person, floor person, or other employee who serves in a supervisory position shall not accept a tip or gratuity from a player or patron of the casino gaming operation where he or she is employed. A gambling operation key person or employee shall not solicit a tip or gratuity. A casino licensee shall not permit any practices prohibited by subrule (1) of this rule.
(3) All of the following provisions apply to tips and gratuities given to a dealer:
(a) A dealer shall immediately deposit tips and gratuities in a transparent locked box reserved for that purpose. If nonvalue chips are received at a roulette table, then a dealer shall not remove the marker button indicating the specific value of the chips from the slot or receptacle attached to the outer rim of the roulette wheel until after a dealer, in the presence of a supervisor, has converted the nonvalue chips into value chips. The value chips shall be immediately deposited in a transparent locked box reserved for deposit and storage of tips and gratuities to the dealer.
(b) Tips and gratuities shall be accounted for by a recorded count conducted by not less than 2 employees designated by the licensee.
(c) Tips and gratuities shall be placed in a pool for pro rata distribution among the designated employees. Tips or gratuities from the pool shall be deposited into a casino licensee's payroll account. Distributions to dealers from the pool shall be made following a casino licensee's payroll accounting practices and shall be subject to all applicable state and federal withholding taxes.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11209 Deposits of wagering tax.

Rule 1209. (1) A casino licensee shall maintain an account at a designated financial institution that is capable of handling electronic fund transfers.
(2) A casino licensee shall, with the agreement of the board, select a 24-hour cycle that shall be defined as the business day for the purpose of establishing the tax schedule and tax liability due dates.
History: 1998 MR 6, Eff. June 26, 1998.

PART 13. CREDIT

R 432.11301 Purpose of credit extension procedures; establishment of procedures.

Rule 1301. (1) A casino licensee shall submit procedures for extending credit for the following reasons:
(a) To ensure that markers issued by a casino licensee are issued only in accordance with the specific or general authorization of the act and these rules.
(b) To ensure that the functions, duties, and responsibilities of a licensee's employees involved in the extension of credit are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.
(c) To ensure that a casino employee is not in a position to perpetuate and conceal errors or irregularities in the normal course of his or her duties.
(d) To ensure that procedures are conducted with integrity and in accordance with the act and these rules.
(2) A casino licensee is responsible for establishing policies and procedures to extend credit to patrons. The policies and procedures shall provide that each credit transaction is promptly and accurately recorded.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11302 Submission of extension of credit procedures.

Rule 1302. (1) A casino licensee or casino license applicant shall submit procedures for extending credit to the board.
(2) Procedures for extending credit shall be in compliance with the act and this rule.
(3) Both of the following provisions apply to the submission of extension of credit procedures:
(a) A casino licensee or casino license applicant shall submit procedures for extending credit to the board not less than 60 days before the commencement of gambling operations.
(b) Procedures for extending credit may not be utilized by a casino licensee unless the procedures for extending credit have been submitted, in writing, and approved by the board.
(4) The board may disapprove any portion of the policies or procedures concerning the extension of credit. If the board disapproves a policy or procedures concerning the extension of credit, then the board shall notify the casino licensee, in writing, of the disapproval.
(5) Access to the credit information, outstanding credit instruments, and credit instruments that have been written off is restricted to occupational licensees who require access and who are authorized by management to have access.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11303 Amendments to procedures for extending credit.

Rule 1303. (1) Both of the following provisions apply to an amendment to procedures for extending credit:
(a) Unless otherwise authorized by the board, an amendment to a portion of the procedures for extending credit shall be submitted to the board not less than 45 days before utilizing the procedures for extending credit.
(b) A casino licensee shall not utilize an amendment to procedures for extending credit unless the amendment to the procedures for extending credit has been submitted, in writing, to the board.
(2) The board may disapprove any portion of an amendment to the policies or procedures concerning the extension of credit. If the board disapproves an amendment, then the board shall notify the casino licensee, in writing, of the disapproval. A casino licensee may not utilize any amendment that has been disapproved.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11304 Application of credit.

Rule 1304. (1) In accordance with these rules, a casino licensee or casino license applicant shall submit the procedures for establishing credit to the board. Procedures for establishing credit shall, at a minimum, include the following:
(a) A credit file shall be completed and maintained for each patron to whom credit is extended. This file shall include, at a minimum, all of the following:
(i) A credit application, including, but not limited to, all of the following information:
(A) Patron's name.
(B) Requested credit line.

(C) Current home address.
(D) Home telephone number.
(E) Date of birth.
(F) Place of employment and position held.
(G) The employer's address and telephone number.
(H) The patron's bank address.
(I) The checking account number.
(J) Social Security number.
(ii) Authorized credit limit.
(iii) A photocopy of the patron's identification.
(iv) A history of all credit issued to the patron and payments received or written off by the casino licensee.
(v) Verification of the credit application and approval of credit establishment.
(b) Procedures for verification of the credit application.
(c) Procedures for the review and approval of the credit limit for the patron.
(d) Procedures to increase or decrease an established credit line.
(e) Other procedures deemed necessary by the executive director or the board to ensure compliance with the act and these rules.
(2) A casino licensee shall not extend credit to a patron who has exceeded an established credit line.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11305 Verification of credit.

Rule 1305. (1) A casino licensee may verify a patron's outstanding indebtedness, as required by these rules, by contacting a consumer credit bureau that is reasonably likely to possess information concerning the patron or a casino credit bureau, or both, to determine whether the patron has any liabilities or if there is any derogatory information concerning the patron's credit history.
(2) Credit bureau contact shall be considered a verification of the outstanding indebtedness provided by the patron. If credit bureau contact is not immediately possible, then the casino licensee may use an alternative source that has made the required contact. A casino licensee shall record the source of verification and the method by which the verification was performed in the patron's credit file.
(3) If neither credit bureau has information relating to a patron's outstanding indebtedness, then a casino licensee shall record this information in the patron's credit file.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11306 Issuance of markers.

Rule 1306. A casino licensee shall establish procedures for the computerized or manual issuance of markers, including, at a minimum, all of the following:
(a) A designation of the licensed occupational positions that are authorized to issue markers and a description of their duties.
(b) A description of where markers can be issued.
(c) A description of the marker and the information and signatures required to authorize the marker. Both of the following provisions specify requirements for a marker:
(i) A casino licensee shall submit the form of its markers to the board prior to its use.
(ii) The form must be a 3-part, numbered form.
(iii) The marker shall include, but not be limited to, all of the following information:
(A) Patron's name and casino account number.
(B) Dollar amount of the marker.
(C) Casino marker number.
(D) Current time and date.
(E) The required signatures.
(F) A description of the term of repayment, including the rate of interest, if any.
(d) A description of the distribution of each part of the marker.
(e) Verification of the patron's identity through identification credentials before the issuance of the marker.
(f) Verification of available credit.

(g) A description of the recording of the credit transaction.
(h) A description of accountability and control over the markers.
(i) A computer record and computerized log shall be maintained identifying the information in subdivisions (a) to (h) of this rule for not less than 5 years.
(j) Other information deemed necessary by the board to ensure compliance with the act and these rules.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11307 Receipt of payments.

Rule 1307. A casino licensee shall establish policies and procedures approved by the board in accordance with these rules to ensure that all payments received on outstanding credit instruments are recorded in a timely fashion. The procedures shall, at a minimum, include all of the following:
(a) A description of the procedure for processing payments received by the casino licensee in any manner.
(b) Requirements for the consolidation of markers.
(c) A detailed description of the distribution of all parts of redeemed and consolidated markers and redemption vouchers.
(d) A detailed allocation of principal and interest on each payment made, if any.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11308 Front money deposits.

Rule 1308. (1) A casino licensee shall establish procedures approved by the board in accordance with these rules in connection with front money. The casino licensee shall establish policies and procedures approved by the board in accordance with these rules to ensure that all applicable currency transaction reporting requirements will be enforced in accordance with applicable state and federal law.
(2) Any of the following may be accepted from patrons for the purpose of customer deposits:
(a) Cash or cash equivalent.
(b) Value chips issued by the casino licensee.
(c) Tokens issued by the casino licensee.
(3) Deposits or withdrawals shall be documented on a voucher that is not less than a 2-part, numbered form. The voucher shall be completed by the casino cage cashier and shall include, at minimum, all of the following information:
(a) Patron's name and signature.
(b) Date of receipt or disbursement.
(c) Amount of deposit.
(d) Type of deposit.
(e) Casino cashier's signature.
(4) A casino licensee shall provide, to the board, a monthly report detailing, at a minimum, all of the following:
(a) Outstanding credit.
(b) Checks returned and held.
(c) Collection activities taken.
(d) Settlement of disputed items.
(5) All of the following checks shall be deposited not later than the business day after the day the checks are received or dated:
(a) Cashier's checks.
(b) Money orders.
(c) Credit card advance checks.
(d) Traveler's checks.
(e) Wire transfer service checks.
(6) Personal checks shall be deposited not later than the business day after the day the checks are received or dated, unless otherwise agreed to by the casino licensee and the patron.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11309 Check cashing.

Rule 1309. (1) A casino licensee shall establish policies and procedures approved by the board in accordance with these rules in connection with cashing checks or drafts by the casino licensee. Only the following types of checks may be cashed by the casino licensee:
(a) Personal checks.
(b) Drafts.
(c) Cashier's checks.
(d) Money orders.
(e) Credit card and debit card advance checks.
(f) Traveler's checks.
(g) Wire transfers and other kinds of checks approved by the board.
(2) A casino licensee shall establish check-cashing privileges and limits that shall, at a minimum, incorporate the procedures established in R 432.11304.
(3) For all checks cashed, all of the following procedures shall be followed:
(a) Examine the patron's picture identification and compare the signature on the identification credential to the signature on the check to ensure agreement. If the signatures do not match, then the casino licensee shall not extend credit to the patron.
(b) Immediately stamp the check "for deposit only."
(c) Date and time stamp the check.
(d) Initial the check.
(e) Count out, in full public view and in the view of the surveillance camera, the funds requested by the patron.
(4) If personal checks are cashed, then the cashier shall perform the procedures outlined in subrule (3) of this rule and all of the following additional procedures:
(a) Record the picture identification number if the check is under $500.00 and check-cashing privileges have not been established by the patron.
(b) Determine if the patron's available credit is sufficient to cover the amount of the personal check, if applicable.
(c) A personal check may not be cashed if the patron has a balance outstanding, due to checks previously cashed by the casino licensee, for more than 30 days.
(d) A personal check will be held against established credit lines for the earlier of 7 days or the date that the check cleared the financial institution upon which it was drawn.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11310 Handling of returned checks.

Rule 1310. (1) A casino licensee shall establish policies and procedures approved by the board in the same manner as the procedures for extension of credit for the handling of returned checks.
(2) A returned check is received and documented on a returned check log by a department independent of the casino cage or credit department, or both. If the licensee uses a check-cashing service, then the licensee shall establish a procedure for the retention of copies of returned checks.
(3) Procedures shall be established for collecting and recording checks returned to a casino licensee after deposit, including redeposit procedures.
(4) A continuous record of all returned checks shall be maintained by a collections department. The records shall contain all of the following information:
(a) Original date of the check.
(b) Name and address of the drawer of the check.
(c) Amount of the check.
(d) Date the check was dishonored.
(e) Date or dates and amount or amounts of any collections received on the check after being returned by a bank.
(5) A returned check is considered the issuance of credit and is handled in a ccordance with the collection of credits.

(6) Procedures shall be described for notifying the casino cage, credit departments, or the equivalent of credit departments of returned checks and of the prohibition from granting further credit to patrons whose checks have been returned and remain unsatisfied.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11311 Collection of past due accounts.

Rule 1311. A casino licensee shall establish policies and procedures for the collection of past due markers and returned checks. The procedures shall be approved by the board in the same manner as the extension of credit. The policies and procedures shall be submitted in accordance with R 432.11302. Amendments to the policies and procedures shall be handled in accordance with R 432.11303.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11312 Write-off of past due accounts.

Rule 1312. (1) A casino licensee shall establish policies and procedures for the write-off of past due markers and returned checks. The procedures shall be approved by the board in the same manner as the extension of credit. The procedures shall, at a minimum, satisfy both of the following provisions:
(a) A write-off committee shall be established.
(b) Authorize write-off by the write-off committee.
The policies and procedures shall be submitted in accordance with R 432.11302. Amendments to the policies and procedures shall be handled in accordance with R 432.11303.
(2) If it is determined that a casino licensee failed to comply with this part when extending credit or cashing checks and the casino licensee determines that the past due marker or returned check is uncollectible, then the casino licensee is not entitled to include the marker or check when calculating the uncollectible gaming receivables deduction in computing the wagering tax.
History: 1998 MR 6, Eff. June 26, 1998.

PART 14. MOVEMENT OF GAMING EQUIPMENT

R 432.11401 Applicability of part; transportation requirements; transportation notification; sale and delivery of gaming devices restricted.

Rule 1401. (1) This part applies to a casino licensee, casino license applicant, and supplier of electronic gaming devices.
(2) An electronic gaming device may only be moved in accordance with this rule.
A casino licensee, casino license applicant, and supplier licensee shall comply with this rule before any of the following occur:
(a) An electronic gaming device is transported from any point outside of Michigan into the state of Michigan.
(b) An electronic gaming device is transported from any point within Michigan to any point outside of Michigan.
(c) An electronic gaming device is transported within Michigan other than from one location in the casino to another.
(3) Except as provided in R 432.11402(3), transportation notification is not required for the movement of an electronic gaming device on the casino floor.
(4) An electronic gaming device may only be sold or delivered, or both, to a casino licensee, casino license applicant, or other person entitled to possess electronic gaming devices under applicable state and federal law.
(5) An electronic gaming device may not be delivered to a casino licensee or casino license applicant unless an employee of the board or personnel of the Michigan state police gaming section is present at the point of delivery. A casino licensee is responsible for ensuring that a member of the board staff or a board agent is present at the point of delivery.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11402 Electronic gaming device movement.

Rule 1402. (1) Not less than 5 days before the delivery of an electronic gaming device, the person causing the movement of the electronic gaming device shall notify the board, in writing, and provide all of the following information:
(a) The full name, business address, and business telephone number of the person selling the electronic gaming device.
(b) The full name, business address, and business telephone number of the ultimate owner of the electronic gaming device if ownership is being changed in connection with the transportation of the electronic gaming device.
(c) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.
(d) The full name, business address, and business telephone number of the person to whom the electronic gaming device is being transported.
(e) The individual responsible for the shipment of the electronic gaming device for each person listed in subdivisions (a) to (d) of this subrule.
(f) The destination of the electronic gaming device if the address is different from the business address listed in subdivision (b) of this subrule.
(g) The quantity of electronic gaming devices being transported.
(h) A brief description of the electronic gaming device being transported.
(i) The serial number of the electronic gaming device and a request for the issuance of a board registration number in accordance with these rules.
(j) The expected date and time of delivery of the electronic gaming device to the casino.
(k) The expected date and time of the exit of the electronic gaming device if the device is exiting Michigan.
(l) If the origin of the electronic gaming device being transported into Michigan is outside of the United States, the port of exit from that jurisdiction and the point of entry into the United States.
(m) If the electronic gaming device is being transported to a destination outside of the United States, the port of exit from the United States.
(n) The reason for the transportation of the electronic gaming device.
(o) Upon request by the executive director, the person selling the electronic gaming device shall prove that the recipient is authorized under state and federal law to receive the electronic gaming device.
(2) If requested by the board, a person who receives an electronic gaming device shall prove that the device was received.
(3) Before an electronic gaming device is removed from the casino floor, a casino licensee or casino license applicant shall ensure that all of the following actions are taken:
(a) The hopper is emptied in accordance with these rules.
(b) An employee of the board or personnel of the Michigan state police assigned to the board removes the evidence tape that was affixed in accordance with these rules.
(c) Before an electronic gaming device is removed from Michigan, the board registration tag shall be removed in the presence of, and returned to, an employee of the board or personnel of the Michigan state police assigned to the board.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11403 Electronic gaming device transportation log.

Rule 1403. (1) A casino licensee and casino license applicant shall maintain an electronic gaming device movement log on forms prescribed by the board. The electronic gaming device movement log shall contain, at a minimum, all of the following information:
(a) The manufacturer of the electronic gaming device being transported.
(b) The type of electronic gaming device being transported.
(c) The serial number and board registration number, if issued, of the electronic gaming device.
(d) The destination of the electronic gaming device.
(e) The expected date and time of shipment.
(f) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.

(g) Other information the executive director or the board deems necessary to ensure compliance with the act and these rules.
(2) The electronic gaming device movement log shall be maintained by the casino licensee and the casino license applicant for a minimum of 5 years and shall be made available for inspection upon demand by the board or a board agent.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11404 Live gaming device movements.

Rule 1404. (1) This rule applies to a casino licensee, casino license applicant, and supplier licensee. For purposes of this rule, a live gaming device table shall constitute a fully assembled gaming table, including a table layout, and not the various components that comprise a fully assembled table. A table layout, however, by itself, constitutes a live gaming device subject to the requirements and restrictions of this rule.
(2) A live gaming device may only be moved in accordance with this rule. A casino licensee, casino license applicant, and supplier licensee shall comply with this rule before any of the following occur:
(a) Live gaming devices are transported from any point outside of Michigan into Michigan.
(b) Live gaming devices are transported from any point within Michigan to any point outside Michigan.
(c) Live gaming devices are transported to and from locations within Michigan.
(3) Except as provided in R 432.11402(3), transportation notification is not required to move a live gaming device on a casino floor.
(4) A live gaming device may only be sold or delivered, or both, to a casino licensee, casino license applicant, or other person entitled to possess live gaming devices under applicable state and federal law.
(5) A live gaming device may not be delivered to a casino licensee or a casino license applicant unless an employee of the board or personnel of the Michigan state police assigned to the board is present at the point of delivery. A casino licensee is responsible for ensuring that an employee of the board or personnel of the Michigan state police assigned to the board is present at the point of delivery.
(6) A live gaming device table may only be installed in a licensed casino.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11405 Transportation of live gaming device.

Rule 1405. (1) For purposes of this rule, a live gaming device table shall constitute a fully assembled gaming table, including a table layout, and not the various components that comprise a fully assembled gaming table. A table layout, however, by itself, constitutes a live gaming device subject to the requirements and restrictions of this rule. Not less than 5 days before the delivery of live gaming devices to a casino in Michigan, the person causing the movement of the live gaming device in Michigan shall notify the board, in writing, and provide all of the following information:
(a) The full name, business address, and business telephone number of the ultimate owner of the person selling the live gaming device.
(b) The full name, business address, and business telephone number of the ultimate owner of the live gaming device if ownership is being changed in connection with the transportation of the live gaming device.
(c) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.
(d) The full name, business address, and business telephone number of the person to whom the live gaming device is being transported.
(e) The individual responsible for the shipment of the live gaming device for each person listed in subdivisions (a) to (d) of this subrule.
(f) The destination of the live gaming device if the address is different from the business address listed in subrule (2) of this rule.
(g) The quantity of live gaming devices being transported.
(h) A brief description of each live gaming device being transported.
(i) Any serial number assigned to the live gaming device and a request for the issuance of a board registration number.
(j) The expected date and time of delivery of the live gaming device to the casino in Michigan.
(k) The expected date and time of the exit of the live gaming device if the device is exiting Michigan.

(l) If the origin of the live gaming device being transported into Michigan is outside of the United States, the port of exit from that jurisdiction and the point of entry into the United States.
(m) If the live gaming device is being transported to a destination outside of the United States, the port of exit from the United States and the foreign destination to which it is being transported.
(n) The reason for the transportation of the live gaming device.
(o) Upon request by the board, the person selling the live gaming device shall prove that the recipient is authorized, under state and federal law, to receive the live gaming device.
(2) The person receiving the live gaming device in Michigan shall prove receipt of the live gaming device if requested by the executive director.
(3) Before a live gaming device is removed from the casino floor, the board registration tag shall be removed in the presence of, and returned to, an employee of the board or personnel of the Michigan state police assigned to the board.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11406 Live gaming device transportation log.

Rule 1406. (1) Each casino licensee and casino license applicant must maintain a live gaming device log on forms prescribed by or approved by the board. The live gaming device movement log shall contain, at a minimum, the following information:
(a) The manufacturer of the live gaming device being transported.
(b) The type of live gaming device being transported.
(c) Any serial number assigned to the live gaming device, and the board registration number, if issued, of the live gaming device.
(d) The destination of the live gaming device.
(e) The expected date and time of the shipment.
(f) The method of transportation and the name, business address, and business telephone number of the carrier or carriers.
(g) Other information the executive director or the board deems necessary to ensure compliance with the act and these rules.
(2) A live gaming device movement log shall be maintained by a casino licensee and casino license applicant for a minimum of 5 years and shall be made available for inspection upon demand by the board or a board agent.
History: 1998 MR 6, Eff. June 26, 1998.

PART 15. DISPUTE PROCEDURES

R 432.11501 Applicability of part; patron disputes to be settled under this part.

Rule 1501. (1) This part applies to a casino licensee and an occupational licensee.
(2) Patron disputes shall be settled in compliance with this part.
History: 1998 MR 6, Eff. June 26, 1998.

R 432.11502 Patron dispute process.

Rule 1502. (1) A casino licensee shall attempt to resolve all patron disputes and shall have a period of 10 business days to investigate a patron complaint and resolve the dispute.
(2) If a casino licensee and the patron cannot resolve the dispute, then the casino licensee shall advise the patron of the patron's right to file a complaint form with the board. The complaint may be received by the board employee or member of the Michigan state police gaming section at the board office in the casino and sent to the board office in Detroit, Michigan. A casino licensee shall provide a patron with a complaint form upon request.
(3) A complaint shall contain, at a minimum, all of the following information:
(a) The name, address, and telephone number of the patron.
(b) A summary of the nature of the patron complaint, including the date and time on which the incident leading to the dispute occurred.

(c) A list of the names, if known, of any occupational licensees that were involved in, or a witness to, the incident that led to the patron dispute.
(d) The name, address, and telephone number, if known, of any witnesses to the incident that led to the patron dispute.
(e) A summary of the casino licensee's attempt to resolve the patron dispute.
(f) Other information deemed necessary by the executive director or the board.
(4) A patron shall submit the complaint within 21 business days of the incident that led to the patron dispute. The patron shall provide a copy of the complaint to the casino licensee at the same time that the patron submits the complaint to the board.
(5) A casino licensee shall respond in writing to a patron within 14 business days of receiving a copy of the patron's complaint.
History: 1998 MR 6, Eff. June 26, 1998

R 432.11503 Investigation; possible disciplinary action.

Rule 1503. The board shall determine if a patron dispute requires investigation. If the board determines that an investigation is necessary, then the board shall conduct the investigation. If it is determined that the casino licensee or an occupational licensee violated the act or this rule, then the board may initiate disciplinary action.
History: 1998 MR 6, Eff. June 26, 1998.

DEPARTMENT OF TREASURY

BUREAU OF STATE LOTTERY

CHARITABLE GAMING DIVISION

PART 1. GENERAL

R 432.21101 Definitions.

Rule 101. (1) The following terms used in the act are defined for the purposes of these rules:
(a) "Bona fide member" means a member, according to an organization's established membership criteria, who participates in the organization to further its lawful purposes.
(b) "Charitable purpose" means 1 or more of the following causes, deeds, or activities that are beneficial to the general public:
(i) Relief of poverty.
(ii) Advancement of education.
(iii) Advancement of religion.
(iv) Protection of health or relief from disease, suffering, or distress.
(v) Advancement of civic, governmental, or municipal purposes.
(vi) Protection of the environment and conservation of wildlife.
(vii) Defense of human rights and the elimination of prejudice and discrimination.
(viii) Any other purpose that the commissioner determines to be beneficial to the general public.
(c) "Lawful purpose" means 1 or more of the authorized purposes stated in a qualified organization's written bylaws, constitution, charter, or articles of incorporation and is on file with the bureau.
(d) "Licensee" means a qualified organization issued a license to conduct a large bingo, small bingo, special bingo, millionaire party, large raffle, small raffle, annual charity game, special charity game, or numeral game, or an organization or persons licensed under sections 4a(2) or 4a(3) of the act. Licensee also means a hall, supplier, or manufacturer licensed under the act.
(e) "Raffle" means an event for which raffle tickets are sold, a winner or winners are determined, either by randomly selecting stubs from all of the raffle tickets sold for an event or by an alternative method that is approved by the bureau, and at which a preannounce prize is awarded.
(f) "Retail value" or "market value" means the price that a merchandise item can be normally found at a

retail outlet for purchase. For merchandise items that are not normally sold through retail outlets, it is the price at which it sells for in the secondary market or the price that a reasonable seller would ask and that a reasonable purchaser would pay for the merchandise item.

(g) "Single gathering" means 1 scheduled assembly or meeting with a specified beginning and ending time that is conducted or sponsored by the qualified organization. Single gathering does not include the regular operating hours of a club or similar facility and does not include a meeting conducted solely for the purpose of conducting a raffle.

(2) As used in these rules:

(a) "Act" means Act No. 382 of the Public Acts of 1972, as amended, being §432.101 et seq. of the Michigan Compiled Laws.

(b) "Administrative Procedures Act" means Act No. 306 of the Public Acts of 1969, as amended, being §24.201 et seq. of the Michigan Compiled Laws.

(c) "Bingo equipment" means any authorized item that is used to conduct bingo.

(d) "Compliance meeting" means a meeting as prescribed by the Administrative Procedures Act, conducted by the bureau at which the licensee has an opportunity to show compliance with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(e) "Compliance meeting notice" means the document issued by the bureau before the compliance meeting to inform a licensee of the date, time, and location of the compliance meeting.

(f) "Contested case hearing" means a formal hearing before a hearing officer conducted as prescribed by the Administrative Procedures Act.

(g) "Contested case hearing notice" means the document issued by the bureau before the contested case hearing to inform a licensee of the date, time, and location of the contested case hearing.

(h) "Deal" means a package(s) of numeral game tickets that are imprinted with the same serial number.

(i) "General public" means society as a whole or any considerable part of society.

(j) "Gross revenue" means the monetary value received by the licensee for all fees charged to participate in the licensed gaming event before any deductions for prizes or any other expenses.

(k) "Informal meeting" means a meeting conducted by the bureau, at its discretion, at which the bureau discusses the failure of the licensee or lessor to comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(l) "Lessor" means a person who rents a location to a licensee for the purpose of conducting a licensed gaming event, except a person licensed under R 432.22001 to R 432.22008.

(m) "License" means a valid large bingo, small bingo, special bingo, millionaire party, large raffle, small raffle, annual charity game, special charity game, numeral game, hall, supplier, or manufacturer license that is issued by the bureau.

(n) "Licensed gaming event" means a large bingo, small bingo, special bingo, millionaire party, large raffle, small raffle, annual charity game, special charity game, or numeral game licensed under the act.

(o) "Millionaire party equipment" means any authorized item that is used to conduct authorized games at a millionaire party.

(p) "Occasion" means the hours of the day for which a license is issued.

(q) "Privately held corporation" means a corporation that does not trade its stock in a stock exchange or in over-the-counter transactions.

(r) "Probation" means a license status requiring strict compliance with the act, these rules, directives of the bureau, public policy of the state of Michigan, and specific conditions as established by the commissioner.

(s) "Probation violation" means failure to abide by any of the terms of probation.

(t) "Probationary period" means the time interval of probation.

(u) "Terms of probation" means the conditions established at the discretion of the commissioner that shall be complied with during the probationary period.

(v) "Violation notice" means a document issued by the bureau, at its discretion, to a licensee charging a violation of the act, these rules, terms of probation, or directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(w) "Week" means a period of 7 days beginning with Sunday and ending with Saturday.

(x) "Worker" means a person who assists or participates in the management, conduct, or operation of a licensed gaming event.
(3) Any term defined in the act has the same meaning when used in these rules.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21102 Principal officer responsibilities.

Rule 102. The principal officer of a qualified organization shall be responsible for all of the following:
(a) Ensuring that there is full accountability for all gaming assets including, but not limited to, cash, prizes, bingo cards, millionaire party chips or imitation money, raffle tickets, charity game tickets, numeral game tickets, and all funds derived from the licensed gaming event.
(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.
(c) Ensuring that all records related to the licensed gaming event are current and accurate.
(d) Reviewing all reports and correspondence from the bureau.
(e) Signing and ensuring that financial statements from the licensed gaming event are submitted to the bureau as prescribed by R 432.21335, R 432.21420, R 432.21522, R 432.21624, and R 432.21721.
(f) Responding in writing to violation notices as prescribed by R 432.21106(2).
(g) Ensuring that all workers are qualified to work the licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21103 Compliance with other laws, regulations, and ordinances.

Rule 103. A licensee or lessor shall comply with public policy of the state of Michigan and any other local, state, or federal law or regulation.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21104 Permanent dissolution; utilization of assets; report.

Rule 104. Upon permanent dissolution of a qualified organization, all assets, real property, and personal property shall be utilized for the lawful purposes as stated in the qualified organization's bylaws, constitution, charter, or articles of incorporation that are filed with the bureau as prescribed by R 432.21202 and shall not be distributed to any private individual or shareholder. All remaining assets upon dissolution shall be distributed to the local government or another nonprofit organization as stated in the qualified organization's bylaws, constitution, charter, or articles of incorporation. The disbursement of remaining assets shall be reported to the bureau in writing.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21105 Restricted use of profits.

Rule 105. Profits from the licensed gaming event shall not be used for the benefit of any individual, member, or shareholder of the qualified organization except to directly further the lawful purposes of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21106 Violation notice.

Rule 106. (1) The bureau, at its discretion, may issue a violation notice to a licensee for failure to maintain compliance with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.
(2) The licensee shall respond to the violation notice in writing within the time period specified in the notice and shall inform the bureau what action has been taken to correct the violation cited. The response shall be signed by the principal officer of the qualified organization or the owner or top officer of the licensed supplier, licensed manufacturer, or licensed hall cited for the violation.
(3) The bureau, at its discretion, may initiate further administrative action if a response to the notice is not received or the response does not resolve the violation.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21107 Informal meeting.

Rule 107. (1) The bureau, at its discretion, may require the principal officer of the qualified organization, or the owner or top officer of the licensed supplier, licensed manufacturer, licensed hall, or lessor to attend an informal meeting to discuss violations of the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation. The purpose of this meeting shall be to assist the licensee or lessor in gaining compliance with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(2) A licensee or lessor may agree to be placed on probation as a result of the meeting described in subrule (1) of this rule.

(3) The meeting described in subrule (1) of this rule is held to forestall the need to take further action, up to and including the conduct of a contested case hearing.

(4) The meeting described in subrule (1) of this rule is not required if in the opinion of the bureau the violations of the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation warrants action prescribed by R 432.21109 to R 432.21111.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21108 Probation.

Rule 108. (1) The commissioner may place a licensee on probation or may condition the renewal of a license with terms of probation when the licensee has violated the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(2) The continuation of the probationary license is conditioned upon the strict compliance with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(3) It is a probation violation if the licensee fails to comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.

(4) The commissioner may summarily suspend a probationary license if the licensee violates the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation as prescribed by R 432.21111.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21109 License denial.

Rule 109. (1) If the bureau determines that an applicant, who does not hold a license for which the applicant is applying, is not in compliance with the act, these rules, terms of probation for another license, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation, then the commissioner may refuse to issue a license to the applicant.

(2) The submission of a check in payment of a fee that is not paid by the financial institution on which it is drawn shall be grounds for immediate denial of an application for a license.

(3) If the bureau determines that a lessor of a location to be used for the conduct of a special bingo, millionaire party, large raffle, small raffle, special charity game, or numeral game is not in compliance with the requirements of the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation, then the commissioner may refuse to issue a license to a qualified organization applying to conduct the licensed gaming event at that lessor's facility.

(4) A denial under this rule may be appealed under Act No. 236 of the Public Acts of 1961, as amended, being §600.631 of the Michigan Compiled Laws.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21110 Suspension or revocation of a license; refusal to renew a license.

Rule 110. (1) If the commissioner determines that a licensee or lessor is not in compliance with the

requirements of the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation, then the commissioner may suspend or revoke the license, refuse to renew the license, or suspend the right to obtain a license.
(2) The commissioner may suspend or revoke a license, refuse to renew a license, or suspend the right to obtain a license in accordance with the Administrative Procedures Act for any of the following reasons:
(a) Failure to ensure full accountability for all gaming assets including, but not limited to, cash, prizes, bingo cards, millionaire party chips or imitation money, raffle tickets, charity game tickets, numeral game tickets, and all funds derived from the licensed gaming event.
(b) The lack of honesty and integrity of the licensee or lessor.
(c) The lack of veracity and accuracy concerning the information submitted on the application.
(d) The indebtedness of the licensee or lessor to the federal, state, or local government.
(e) A pending lawsuit or bankruptcy proceeding that involves the licensee or lessor and is related to the licensed gaming event.
(f) The current or past history of compliance of the licensee, lessor or their agent, or any owner, shareholder of the privately held corporation, partner, officer, or agent of the licensee with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.
(g) Evidence that the licensee or lessor has illegal gambling equipment at the location or that illegal gambling has occurred at the location of the licensee or lessor or at the location of a licensed gaming event.
(h) The submission of a check in payment of a fee that is not paid by the financial institution on which it is drawn.
(i) Hindering or obstructing an authorized representative of the bureau in the performance of official duties.
(j) The use or submission of false or misleading information by any of the following means:
(i) An application for a license or renewal of a license.
(ii) Any document that is submitted to the bureau.
(iii) All records completed in conjunction with the licensed gaming event.
(iv) Verbal statements to an authorized representative of the bureau by any owner, shareholder of the privately held corporation, partner, officer, or agent of the licensee or lessor.
(k) Failure to submit complete and accurate financial statements as prescribed by R 432.21335, R 432.21420, R 432.21522, R 432.21624, and R 432.21721.
(l) Failure or refusal to provide an authorized representative of the bureau access to the location of a licensed gaming event, licensed supplier, licensed manufacturer, or licensed hall.
(m) Failure to promptly produce any book, record, or document as required by the act, these rules, terms of probation, or directives of the bureau for review by an authorized representative of the bureau.
(n) Allowing any person who has been convicted of, becomes convicted of, has forfeited bond upon a charge of, or has pled guilty to any of the offenses in R 432.21205(f) to work in the operation or management of a licensed gaming event or to be an officer or agent of the qualified organization.
(o) Allowing any person who has been convicted of, becomes convicted of, has forfeited bond upon a charge of, or has pled guilty to any of the offenses in R 432.21802(f), R 432.21902(f), or R 432.22002(f) to work in the operation or management of a licensed supplier, licensed manufacturer, licensed hall, or lessor, or to be an owner, shareholder of the privately held corporation, partner, officer, or agent of the licensed supplier, licensed manufacturer, licensed hall, or lessor.
(p) Failure to continuously operate as a qualified organization as defined by the act and as represented to the bureau by means of the information submitted to the bureau as required by R 432.21202, or failure to continuously operate as an organization or persons issued a license under sections 4a(2) or 4a(3) of the act.
(q) For activities similar to those enumerated which, at the discretion of the commissioner, merit enforcement action.
(3) If a license is suspended, then the commissioner may determine that the licensee is ineligible to conduct any licensed gaming event during the period of suspension.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21111 Summary suspension proceedings.

Rule 111. (1) To advance the public policy of prohibition against all gambling activities not conducted in

strict conformance with expressed legislative exceptions, including the regulatory framework established by the act, the commissioner may summarily order the suspension of a license as provided by section 16(1) of the act and in accordance with section 92 of the Administrative Procedures Act, upon a determination that any 1 or more of the following circumstances exist:
(a) The licensee has obtained the license by fraud, misrepresentation, or concealment.
(b) The decision to issue the license was a product of a material mistake of law or fact.
(c) The licensee or lessor has engaged in an act, practice, or course of conduct that would operate as a fraud or deceit on a person or persons, or has employed a device, scheme, or artifice to defraud a person or persons.
(d) The licensee or lessor has repeatedly violated, or repeatedly failed or refused to comply with, any of the provisions, requirements, limitations, or duties imposed by the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation after having been previously notified by the bureau that a violation or violations of the same or similar provisions had been, or were being, committed by the licensee or lessor.
(e) The licensee, lessor, or any owner, shareholder of the privately held corporation, partner, officer, or agent of the licensee has been charged with or convicted of a violation of the act.
(f) The licensee or lessor has or there is reasonable cause to believe the licensee or lessor engaged in illegal gambling, or a fraud or larceny offense.
(g) That the immediate cessation of the licensed gaming event by the licensee is necessary for the protection or preservation of the welfare of the community within which these activities are being conducted, or for the protection or preservation of public policy of the state of Michigan, or any other local, state, or federal law or regulation respecting unlawful gaming activity.
(2) If the commissioner summarily suspends a license, then the licensee shall be afforded a prompt hearing before the bureau on the question forming the basis of the suspension of the license.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21112 Compliance meeting.

Rule 112. (1) A compliance meeting notice shall be issued in accordance with section 92 of the Administrative Procedures Act. The compliance meeting allows the licensee or lessor to show compliance before the conduct of a contested case hearing.
(2) If compliance is shown or an agreement regarding future action is reached at this meeting, then the need for a contested case hearing may be negated.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21113 Contested case hearing.

Rule 113. (1) A contested case hearing notice shall be issued in accordance with section 71 of the Administrative Procedures Act.
(2) The bureau may establish procedures for the conduct of contested case hearings, including the submission of evidence by written interrogatory deposition, request for admissions, or by such other means established by the hearing officer.
(3) There shall be no discovery other than that allowed by the Administrative Procedures Act.
(4) When an appearance is made at a contested case hearing, it shall be made in person by the principal officer of the qualified organization; the owner, principal l shareholder of the privately held corporation, partner, or top officer of the licensed supplier, licensed manufacturer, or licensed hall; or by counsel.
(5) The person or persons who have been served with a contested case hearing notice may file a written answer before the date set for the contested case hearing or may appear at the contested case hearing and present an oral statement on the charges contained in the contested case hearing notice. If written briefs or arguments are presented, then a copy shall be served upon the hearing officer at least 5 days before the date set for the contested case hearing.
(6) If the person or persons who have been previously served with a contested case hearing notice fail to appear at the contested case hearing, then the hearing officer may proceed with the contested case hearing and may, on the evidence presented, make a decision.
(7) A contested case hearing shall not be adjourned or continued except by the hearing officer. All motions and requests for an adjournment or a continuance shall be in writing. The motion or request shall state

concisely the reasons why the requested relief is necessary.
(8) The parties to any contested case hearing may, by stipulation in writing filed with the hearing officer, agree upon the facts or any portion of the facts involved in the controversy. The stipulation shall be regarded and used as evidence in the contested case hearing. Parties are requested to agree upon the facts when practicable.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21199 Rescission.

Rule 199. (1) R 432.101 to R 432.118 of the Michigan Administrative Code, and appearing on pages 4468 and 4469 of the 1979 Michigan Administrative Code, page 426 of the 1980 Annual Supplement to the Code, and pages 478 to 489 of the 1984 Annual Supplement to the Code, are rescinded.
(2) R 432.201 to R 432.216 of the Michigan Administrative Code, appearing on pages 4477, 4481, and 4482 of the 1979 Michigan Administrative Code and pages 489 to 497 of the 1984 Annual Supplement to the Code, are rescinded.
(3) R 432.301 to R 432.313 of the Michigan Administrative Code, appearing on pages 426 to 429 of the 1983 Annual Supplement to the 1979 Michigan Administrative Code, are rescinded.
History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 2. GAMING LICENSING

R 432.21201 Definitions.

Rule 201. (1) The following term used in the act is defined for the purposes of this part:
(a) "Bona fide" when referring to an organization, means a nonprofit organization that meets all of the requirements of the act and these rules and is organized and operated to accomplish the purposes stated in the act for that organization category and in the organization's bylaws, constitution, charter, or articles of incorporation.
(2) As used in this part:
(a) "Gaming license" means a valid large bingo, small bingo, special bingo, millionaire party, large raffle, small raffle, annual charity game, special charity game, or numeral game license issued by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21202 Qualification requirements.

Rule 202. (1) Each applicant applying for a gaming license who has not previously qualified shall first submit qualification information as required by the bureau.
(2) Except as provided in the act, each applicant shall provide proof that its bylaws, constitution, articles of incorporation, or the bylaws or constitution of its parent organization include a statement of dissolution. The statement of dissolution shall state that all assets of the qualifying organization remaining upon dissolution, after satisfying its debts, be distributed to the local government or another nonprofit organization.
(3) The bureau, at its discretion, may require a previously qualified organization to submit updated qualification information to assure the organization's continued eligibility under the act.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21203 Minimum Age.

Rule 203. The principal officer of a qualified organization submitting a gaming license application shall be 18 years of age or older.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21204 Gaming license applications.

Rule 204. (1) A qualified organization, unless ineligible under the act, shall be eligible to apply for a gaming license.
(2) A qualified organization shall submit an application for a gaming license on a form provided by or approved by the bureau.
(3) In addition to the gaming license application, the applicant shall submit additional information as

directed by the bureau.
(4) The gaming license application shall be accompanied by the appropriate fee.
(5) If a gaming license application is cancelled or denied, then the bureau may retain a portion of the original statutory fee submitted to cover processing costs.
(6) An applicant shall disclose to the bureau whether any individual, officer, or agent of the applicant has ever been convicted or becomes convicted of, or forfeited bond upon a charge of, or pled guilty to any of the following offenses:
(a) A felony.
(b) A gambling offense.
(c) Criminal fraud.
(d) Forgery.
(e) Larceny.
(f) Filing a false report with a governmental agency.
(7) Any changes to the information provided on or attached to the gaming license application shall be immediately reported to the bureau in writing.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21205 Additional eligibility factors.

Rule 205. In addition to the requirements of the act, the commissioner shall consider the following factors when reviewing a gaming license application or renewal application:
(a) The honesty and integrity of the applicant.
(b) The veracity and accuracy of any information supplied to the bureau by the applicant.
(c) The applicant's indebtedness to local, state, or federal government.
(d) A pending lawsuit or bankruptcy proceeding involving the applicant.
(e) The applicant's current or past history of compliance with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal law or regulation.
(f) Criminal convictions of the applicant or any individual, officer, or agent of the applicant for any of the following offenses:
(i) A violation of the act.
(ii) A felony.
(iii) A gambling offense.
(iv) Criminal fraud.
(v) Forgery.
(vi) Larceny.
(vii) Filing a false report with a governmental agency.
(g) Any other information considered advisable by the commissioner.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21206 Gaming license terms and conditions.

Rule 206. (1) Upon the issuance of a gaming license, the qualified organization agrees to all of the following terms and conditions:
(a) To be bound by and comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, and any other local, state, and federal laws and regulations.
(b) To not assign or transfer the gaming license.
(c) To maintain current and accurate records of all operations in conjunction with licensed gaming events in conformity with the act, these rules, terms of probation, and directives of the bureau.
(d) To conduct the licensed gaming event in accordance with the information submitted on the application approved by the bureau.
(e) To conduct the licensed gaming event only on the day, days of the week, date, dates, time, and at the specific location within Michigan that is stated on the license.
(f) To immediately report to the bureau in writing any change in the information stated on or attached to the gaming license application.

(g) To hold the bureau and the state harmless from any liability, including, but not limited to, taxes and legal expenses.
(2) The location at which the licensed gaming event takes place shall be open to inspection by an authorized representative of the bureau during the occasion.
(3) A person shall not refuse to cooperate with, hinder, or obstruct in any way, an authorized representative of the bureau while the representative is in the performance of official duties.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21207 Changes to qualification information.

Rule 207. (1) A qualified organization shall immediately report to the bureau in writing any change to the organization's qualification documentation.
(2) A qualified organization shall immediately submit a copy of the appropriate amended document to the bureau if there is a change in any of the following:
(a) Constitution.
(b) Bylaws.
(c) Articles of incorporation.
(d) Any other qualification document previously submitted to the bureau.
(e) Internal Revenue Service tax-exempt status.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21208 Request for gaming license changes; cancellations.

Rule 208. (1) To change the location, day, date, dates, or time of a licensed gaming event, a qualified organization shall submit a request to the bureau in writing at least 20 days before the proposed change.
(2) If a special bingo, millionaire party, large raffle, small raffle, special charity game, or numeral game cannot be held on the date approved by the bureau, because of inclement weather or other emergency conditions, then the qualified organization may submit a request to the bureau in writing for a new licensed gaming event date.
(3) A qualified organization shall notify the bureau in writing at least 10 days before the planned cancellation of a licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 3. BINGO

R 432.21301 Definitions.

Rule 301. (1) The following terms used in the act are defined for the purposes of this part:
(a) "Bingo card" or "card" means a hard bingo card, disposable bingo card, or any other bingo card approved by the bureau.
(b) "Call" means the announcement of the numbers on the ball drawn from the bingo receptacle.
(2) As used in this part:
(a) "Ball" means a ball used in the game of bingo similar to a ping pong ball with a minimum size of 1 1/4 inches in diameter. The balls should be numbered 1 through 75.
(b) "Bingo receptacle" means a container, which is either hand operated or mechanically operated, such as a cage, holder, or blower and which holds the bingo balls used in bingo games.
(c) "Carnival style bingo" means a special bingo occasion in which the players are continuously entering and leaving the bingo occasion and paying for their bingo cards at various times throughout the bingo occasion.
(d) "Disposable bingo card" means a bingo card with a serial number that is used 1 time and thrown away. All requirements in these rules that govern disposable bin go cards shall pertain to any quantity or form in which the cards may be sold; for example, single cards, sheets, books, packets, or pads.
(e) "Last number called" means the last number drawn from the bingo receptacle, shown to at least 2 players, and completely called.
(f) "Hard bingo card" means a bingo card that is designed for repeated use.
(g) "Master board" means a board that has holes numbered from 1 to 75 and is used in playing bingo. As the bingo balls are drawn from the bingo receptacle, they are placed on, or in, the board with the number of the

ball matching the number on the board.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21302 Licensing requirements.

Rule 302. A qualified organization applying for a bingo license shall meet the requirements of R 432.21204.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21303 Principal officer responsibilities.

Rule 303. The principal officer of the qualified organization shall be responsible for all of the following:
(a) Ensuring that there is full accountability of all gaming assets including, but not limited to, cash, prizes, bingo cards, charity game tickets, and all funds derived from the licensed gaming event.
(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.
(c) Ensuring that all records related to the licensed gaming event are current and accurate.
(d) Reviewing all reports and correspondence from the bureau.
(e) Signing and ensuring that financial statements from the licensed gaming event are submitted to the bureau as prescribed by R 432.21335.
(f) Responding in writing to violation notices as prescribed by R 432.21106.
(g) Ensuring that all workers are qualified to work the licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21304 Bingo chairperson; qualifications and duties.

Rule 304. (1) The officers of the qualified organization shall designate at least 1 chairperson to be in charge of and responsible for the conduct of the licensed gaming event in accordance with the act, these rules, terms of probation, and directives of the bureau.
(2) The chairperson is a worker who shall be a bona fide member of the qualified organization for at least 6 months.
(3) The chairperson shall be listed on the license application.
(4) The chairperson shall be familiar with the act, these rules, terms of probation, and directives of the bureau.
(5) The chairperson shall be present on the premises continuously during the sale of bingo cards, charity game tickets, and during all bingo games.
(6) The chairperson shall be readily identifiable to all bingo players at the game by wearing a name badge with the word "Chairperson" followed by the name of the licensee and the chairperson's name.
(7) The chairperson shall be in full charge of the licensed gaming event, supervise and direct all workers, and be responsible for assuring the proper receipting, recording, and depositing of all money derived from the conduct of the licensed gaming event.
(8) The chairperson shall attempt to resolve in accordance with the act, these rules, directives of the bureau, and house rules any disputes that may occur during the conduct of the licensed gaming event.
(9) Any change in the chairperson or persons who are listed on the bingo license application shall be immediately submitted to the bureau in writing. The notification shall be signed by the principal officer of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21305 Bingo occasion.

Rule 305. (1) Not more than 2 bingo licenses shall be issued for the same day at any 1 location.
(2) If more than 1 bingo license is issued for the same location on the same day, then there shall be a minimum of 1 hour between the ending time of the first bingo occasion and the beginning time of the second bingo occasion.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21306 Temporary change of large bingo or small bingo play date, time, or location.

Rule 306. (1) A large bingo or small bingo licensee may request a change of play date, time, or location of its bingo game for a limited or temporary basis. The change shall be a substitution for the regular scheduled bingo occasion and not an additional bingo occasion.
(2) The request shall be submitted to the bureau in writing and shall be signed by the qualified organization's principal officer.
(3) A change of date shall be within the same week.
(4) Instead of a new license, the bureau shall issue a letter authorizing the change of date, time, and location.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21307 Temporary closings.

Rule 307. The licensee shall notify the bureau in writing and contact the local inspector of any temporary or seasonal closing of a large bingo or small bingo game at least 10 days before the last game date.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21308 License closing.

Rule 308. Upon permanent cancellation, revocation, or nonrenewal of the organization's large bingo or small bingo license, the licensee shall follow the instructions of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21309 Minimum age.

Rule 309. (1) Persons under 18 years of age shall not be permitted to participate in bingo as players and shall not be permitted to operate or assist in the conduct of bingo.
(2) Persons under 18 years of age shall not be permitted to play with, operate, handle, collect, or distribute any kind of bingo equipment.
(3) Persons under 18 years of age shall not be permitted to sell or purchase raffle tickets or charity game tickets.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21310 Charity game tickets, raffles, and other games.

Rule 310. (1) No other device or game of chance shall be conducted, played, or allowed at any bingo occasion except the sale of charity game tickets, bureau lottery tickets, the sale of raffle tickets as allowed by this rule, and any other game approved by the bureau.
(2) Charity game tickets may be sold as prescribed by R 432.21601 to R 432.21624.
(3) Licensed raffle tickets may be sold, with consent of the bingo licensee, at a licensed bingo. Raffle drawings shall not be conducted during the bingo occasion at the location listed on the bingo license.
(4) A bingo occasion does not meet the requirements for an exempt single gathering raffle.
(5) The licensee may permit card or dice games before the bingo occasion for player entertainment if money is not exchanged or wagering is not present.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21311 Assistance for persons with disabilities.

Rule 311. (1) The licensee shall allow assistance for persons with disabilities. For purposes of this subrule, "disabilities" means a physical or mental disability that prevents or restricts a person from normal bingo play. Such assistance may be, but is not limited to:
(a) Assistance in the selection of the bingo cards.
(b) Reserving or saving of seats.
(c) Assistance in the playing of the game. For purposes of this subsection, a worker shall not be required to assist a person with a disability.
(2) Legally blind or persons with disabilities may use their personal Braille, shutter, or sight-assistance bingo cards when a licensee does not provide such bingo cards and shall pay the equivalent price to participate in the game.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21312 Bingo equipment maintenance; authorized equipment and games.

Rule 312. (1) The licensee shall maintain bingo equipment in good repair and sound working condition. If the licensed organization conducts a bingo game at a leased location, then the organization may use equipment that is provided by the licensed hall or lessor if such use is included in the bureau approved rental contract. If equipment is included in a bureau approved rental contract, then the licensed hall or lessor shall ensure compliance with the provisions of this rule.

(2) All of the following bingo equipment and games are authorized:

(a) A hand-operated or blower-type bingo receptacle.

(b) A master board.

(c) Bingo cards.

(d) Bingo balls of the same type, weight, and size. Each organization shall own and maintain at least 2 complete sets of bingo balls, which shall be used to conduct the bingo game and shall be on the premises when bingo is conducted.

(e) Braille, shutter, or sight-assistance bingo cards.

(f) Electronic verification equipment which is used in accordance with R 432.21322.

(g) Other equipment as approved by the bureau and used in accordance with directives of the bureau.

(h) Other games as approved by the bureau.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21313 Bingo equipment ownership and rental.

Rule 313. (1) The licensee shall conduct the bingo game only with equipment that it owns, uses under a bureau approved rental contract, uses free of charge, or is purchasing or renting from a licensed supplier, except by special permission of the bureau.

(2) The licensee shall not purchase supplies, equipment, or charity game tickets in consideration for receiving the use of any equipment without charge.

(3) The licensee shall not pay a percentage of the revenue or net profits from the bingo game for the use of equipment or for any other reason.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21314 House rules.

Rule 314. (1) The licensee shall establish and adhere to their house rules for the conduct of the bingo occasion. The house rules shall contain at a minimum the following information:

The licensee's name.

The license number.

(c) The contingency plan for inclement weather, power outages, equipment failure, and other emergencies.

(d) Whether or not workers are going to cover the bingo cards for players for an emergency break.

(e) The redemption claim period for charity game tickets as prescribed by R 432.21611(2).

(f) The refund policy.

(g) The effective date of the house rules.

(2) The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons.

(3) Any change in the house rules shall be announced at the game at least 1 week in advance and published as prescribed by subrule (2) of this rule before their effective date.

(4) The house rules shall not be in conflict with the act, these rules, or directives of the bureau.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21315 Bingo game program.

Rule 315. (1) The licensee shall establish and adhere to their bingo game program for the conduct of the bingo occasion. The bingo game program shall contain at a minimum the following information:

(a) All of the games to be played.

(b) The order that the games will be played.

(c) The combinations needed to win.

(d) The prize structure, except for the Michigan progressive jackpot bingo game.
(e) The admission fee, if any, and the number of admission cards that will be given for the admission price, if any.
(f) The price of each type of bingo card that is offered for sale.
(g) The effective date.
(2) If the program indicates variable prize payouts based upon attendance, then the program shall clearly state which games are affected, when these circumstances shall apply, and the amount of the reduced prize or prizes.
(3) The full amount of the stated and announced prizes shall be awarded, unless the game program indicates that prizes may be reduced based upon attendance.
(4) The licensee shall post the bingo game program or print the bingo game program in sufficient number for distribution to all interested persons.
(5) Any change in the bingo game program shall be announced at least 1 week in advance and published as provided by subrule (4) of this rule before the effective date.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21316 Card price restrictions.

Rule 316. The bureau, at its discretion, may require a licensee to sell all like cuts of cards, sheets, books, packets, or pads of cards of the same color and type at a uniform price.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21317 Game conduct and operation.

Rule 317. (1) Bingo games shall only be conducted between the hours of 8 a.m. and 2 a.m.
(2) The bingo license shall be on site and posted in a conspicuous place during the bingo occasion.
(3) A copy of the current license application and any changes shall also be on site and available for review.
(4) The bureau may establish directives regulating the conduct of specific types of bingo games, including the Michigan progressive jackpot bingo game.
(5) The utilization of equipment and the methods of play shall be such that each player is afforded an equal opportunity to win.
(6) Before the start of each bingo game, the name of the game, type or color of bingo card, winning combinations, and the amount of each prize shall be clearly announced to the players. For games that are divided into multiple prizes, the winning arrangements and the amount of each prize shall be clearly announced to the players immediately before each multiple game.
(7) All balls that are used during the game shall be present in the bingo receptacle before each game begins and shall be verified by 2 bingo players before the bingo occasion starts. The names of the persons who verify the balls shall be recorded and become part of the game records. If the balls are changed during the bingo occasion, then the balls shall be verified again by 2 bingo players and the names of the persons who verify the balls shall be recorded.
(8) All bingo cards shall be purchased, all winners shall be determined, and all prizes shall be awarded within the same day or as directed by the bureau. The chairperson may withhold disputed prizes from payment for resolution as prescribed by R 432.21324.
(9) Players shall play only the bingo cards that have been purchased from the licensee for that bingo occasion, except as prescribed by R 432.21311.
(10) Free bingo cards shall not be provided, given to, or played by a player, except as prescribed by R 432.21324.
(11) A worker may, at the option of the licensee, cover the bingo cards for a player as provided in the house rules as prescribed by R 432.21314(1)(d).
(12) A bingo card shall not be sold after the first number is drawn for the game in which the bingo card is going to be used.
(13) A player may, at the option of the licensee, exchange hard bingo cards.
(14) Any bingo card that is being selected, purchased, or exchanged during a game shall not be used while that game is in progress.
(15) Bingo cards shall not be exchanged or transferred between players.

(16) A worker shall not select or exchange bingo cards for a player, except as prescribed by R 432.21311.
(17) Hard bingo cards that have not been purchased shall be turned in and removed from the playing area before the first hard card game.
(18) Bingo cards shall not be removed by the players from the bingo premises, except for player owned Braille, shutter, or sight-assistance bingo cards.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21318 Master control form.

Rule 318. (1) A master control form shall be prepared and maintained for each bingo occasion where hard cards are sold or an admission fee is charged.
(2) The master control form shall include each verification slip number, the corresponding admission fee, if charged, and the number of hard bingo cards.
(3) The master control form shall be completed as each sale is made.
(4) A special bingo licensee who plays carnival style bingo shall complete and maintain either a master control form or a special bingo account form that is provided by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21319 Verification slips.

Rule 319. (1) A verification slip shall be issued by the licensee in consecutive number order when hard cards are sold or an admission fee is charged, except as provided by subrule (7) of this rule.
(2) The verification slip shall include all of the following information:
(a) The name of the licensee.
(b) The date for which the slip was issued.
(c) The number of hard bingo cards purchased.
(d) A unique number that is preprinted on the verification slip in continuous, consecutive order. Hand numbering or hand imprinting of the number is prohibited.
(3) The information that is recorded on the verification slip shall be legible and clearly printed.
(4) The verification slip shall be clearly displayed by each player.
(5) The licensee shall account for each verification slip number. Any break in the consecutive numbering system shall be documented in writing and retained with the game records.
(6) Any voiding or changing of verification slips shall be done in accordance with directives of the bureau.
(7) Compliance with the provisions of this rule is not required for special bingo licensees who conduct carnival style bingo, unless otherwise directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21320 Cash registers.

Rule 320. The licensee may use a cash register system in place of verification slips and master control form if the cash register complies with directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21321 Calling.

Rule 321. (1) Balls shall be drawn from a bingo receptacle, shown, clearly announced, and placed in the master board.
(2) The caller shall be located so that 2 or more players can observe the drawing of the ball from the bingo receptacle.
(3) The caller shall show the balls drawn for all games to the players so that 2 or more players can see the number on the ball before the number is called. A video monitor may be used to show the balls.
(4) Only 1 person shall handle the ball.
(5) There shall be not more than 1 ball in play or shown at one time.
(6) Once removed, balls shall not be returned to the bingo receptacle until the conclusion of the game.
(7) A worker shall not physically push a ball back down into the machine.
(8) A hand or other object shall not be placed over the opening of the bingo receptacle while the game is in progress.

(9) If more than 1 room or area is used for any 1 bingo occasion, then all of the following provisions apply:
(a) If a lighted board is used in one of the rooms, then a lighted board or an equivalent method approved by the bureau shall be visible or present in each of the rooms.
(b) All called numbers shall be clearly audible to the players in all of the rooms or areas.
(c) A worker shall be present at all times in each room or area while a game is in progress.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21322 Verification.

Rule 322. (1) A bingo game is won by the player or players who have the winning combination and numbers required to win the game.
(2) The last number that is called shall appear on the player's bingo card that is being verified.
(3) The actual numbered balls in the master board shall be the only official scorer. A lighted board, if used, is not the official scorer.
(4) There shall be a sufficient number of designated floor workers to provide complete coverage of the bingo playing area for purposes of identifying player bingo.
(5) It shall be the responsibility of the player to make his or her bingo known to a worker or caller by saying the word "bingo" before the next number is completely called.
(6) A player who is unable to say the word "bingo" due to physical limitations, shall be permitted to use an alternative method of making their bingo known.
(7) Once a worker hears the word "bingo," the worker shall immediately notify the caller and the game shall stop for a verification of the bingo card. Any number that is called in error after this time shall not be considered the last number called. Any ball that is removed from the bingo receptacle in error shall remain available for continued play, if necessary, and shall be returned to the bingo receptacle only if the game is concluded.
(8) A worker shall call the winning combination of numbers that appear on the winning player's bingo card back to the caller who shall verify that the balls are in the master board, except as provided by subrules (9) and (10) of this rule. In a coverall game, the caller may announce the numbers that are not called and the worker may verify that these numbers do not appear on the player's bingo card that is being verified.
(9) A licensee conducting a game at its own location is not required to call back the winning numbers of a winning bingo card if the licensee uses an electronic bingo verifier.
(10) A licensee conducting a game at a licensed hall is not required to call back the winning numbers of a winning bingo card if the licensed hall uses an electronic bingo verifier that can verify bingo cards manufactured by at least 2 different companies.
(11) On all games where the single prize paid to a player is $100.00 or more, the bingo card or cards shall be taken to another table for witnessing of the verification process.
(12) If a player is playing more bingo cards than the number of bingo cards stated on the verification slip or playing a disposable bingo card series number not sold by the licensee, then any bingo called by the player shall not be honored and a prize shall not be paid.
(13) A player may verify all the balls drawn at the time a winner is announced.
(14) A player may observe the verification of the winning bingo card.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21323 Bingo game closing.

Rule 323. (1) Each bingo game shall be closed in accordance with the following procedure:
(a) The game shall only be closed after the winning combination has been verified.
(b) The caller shall announce 3 times, in a manner audible to all players, "Are there any other bingo's?"
(c) After the third announcement and a pause sufficient to permit additional winners to identify themselves, the caller shall then announce audibly, "This game is closed." In multiple-part games the announcement shall be, "This part of the game is closed."
(2) If there is not a valid bingo, then the caller shall state, "There is no valid bingo." The game shall resume with the caller repeating the last number called before calling any more numbers.
(3) After all calls of bingo have been verified and the game closed, the caller shall announce the number of winners in each category, the amount of money or prize each winner has won, and the total amount of money

or prizes awarded for that game.
(4) A licensee closing a game in accordance with the procedure in this rule has no obligation to pay a prize to a winner who claims a bingo after the game is closed.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21324 Disputed games.

Rule 324. (1) If it is discovered that the correct numbered balls, 1 to 75, are not in the bingo receptacle, more than 75 numbered balls are found to be present, or a ball is so badly damaged that it is unable to be properly mixed to ensure an opportunity to be drawn, then the following shall apply:
(a) If it is discovered while the game is in progress, then that game is void and shall be played over during the same occasion at no cost to the players.
(b) If it is discovered before the start of the next game, then the just completed game is void and shall be replayed during the same occasion at no cost to players.
(c) If it is discovered after a bingo occasion is completed, then no games shall be replayed.
(d) If the number of bingo cards each player was playing during the affected game can be determined, then each player shall receive that same number of bingo cards for the replay of the game. If the number of bingo cards played cannot be determined for all players, then an equal number of bingo cards shall be given to each player.
(2) If it is discovered that a ball was incorrectly called or improperly placed or entered into the master board, then one of the following shall apply:
(a) If it is immediately discovered, then the game shall be stopped. The error shall be corrected by clearly restating the incorrect call or indicating the improper placement and indicating what the correct call or placement should have been and continue the game.
(b) If it is discovered after additional balls have been called, then the game shall be stopped. The chairperson shall determine whether the game can be reconstructed by recalling the game from the point of error and continuing. If the game cannot be reconstructed, then the game shall be declared void and replayed during the same occasion. Only those portions of the game and prize affected by the error and all subsequent portions of the game shall be replayed. If disposable bingo cards were being used, then the licensee shall issue replacement disposable bingo cards of equivalent value at no cost to the players to play the makeup games. If the number of bingo cards played cannot be determined for all players, then an equal number of bingo cards shall be given to each player.
(3) In the case of a disputed game, if a prize has been paid to a player before the discovery of the error, then the prize shall remain the property of the player.
(4) If payment of prizes in accordance with this rule causes the licensee to exceed the maximum prize limit permitted by the act, then the cause of the payment shall be noted in the game records and in the corresponding financial report for that time period. Repeated or excessive overpayments of this nature may be considered a violation of the act and these rules.
(5) In the investigation of disputed prizes, the bureau may instruct a licensee to pay a disputed prize if the preponderance of the evidence is in favor of the player.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21325 Prizes.

Rule 325. (1) The total retail value of all merchandise and cash prizes offered or awarded through bingo at a single bingo occasion shall not exceed the limitations set by the act for the specific license type. Prizes in a single game may be paid in steps, however, the value of prizes shall not exceed the total amount set by the act for a single game. The value of donated prizes shall be their total retail value.
(2) If charity game tickets and lottery tickets are awarded, then they are considered merchandise prizes and shall be valued at their face value, not the prize amount that they may reveal.
(3) If a merchandise prize is to be awarded, then there shall be an explanation in the game program and an announcement at the start of the merchandise game as to how the prize will be awarded if there are multiple winners of the game. A merchandise prize may be offered with a cash equivalent option.
(4) At all bingo occasions where prize payouts are based upon attendance, the attendance shall be announced at the start of the first game that is affected by attendance.

(5) All winners of bingo prizes shall be determined by the bingo method. Prizes shall not be awarded or split by any other method or means.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21326 Workers.

Rule 326. (1) At least 50% of all workers shall be members or spouses of members of the licensee.
(2) A worker shall not play in games of bingo in which they are working or assisting. A worker who wishes to work until the first ball is drawn for that bingo occasion and then play bingo, may do so if they purchase their bingo cards in the same manner as other players.
(3) A worker is prohibited from purchasing, playing, or accepting as a gift, charity game tickets offered for sale by the licensee at any time during the day they are working or assisting.
(4) A licensee, worker, location owner or their agent, hall employee, lessor, or concession worker shall not pay for, provide in any manner, or have any interest of any kind, in a player's bingo cards or charity game tickets, and shall not, in any manner, share in a prize awarded to a player.
(5) A person under 18 years of age shall not be permitted to participate in bingo as a worker and shall not be permitted to operate or assist in the conduct of bingo.
(6) A worker is prohibited from accepting tips from players.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21327 Worker compensation.

Rule 327. (1) The commissioner shall establish a service compensation schedule for workers.
(2) The commissioner may adjust the established service compensation schedule. If an adjustment is proposed, then the licensees shall be given 30 days to comment before the change is implemented.
(3) A worker shall not be compensated more than the amount established by the commissioner in the service compensation schedule.
(4) The amount established by the commissioner that may be paid to a worker is as follows:
(a) The chairperson or record keeper shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services for each bingo occasion worked.
(b) The person who completes the semiannual financial statement shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for each semiannual financial statement submitted.
(c) All other workers shall be paid no more than $15.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $30.00 for their services for each bingo occasion worked.
(5) Only 1 person may be paid as chairperson and only 1 person may be paid as record keeper for each bingo occasion.
(6) An individual may only be compensated for being 1 of the following at each bingo occasion: chairperson, record keeper, or worker.
(7) Compensation to workers shall include, but is not limited to, the following:
(a) Cash or check.
(b) Anything of value, except food and beverages consumed while working that do not exceed $5.00 in retail value.
(c) Credit towards dues, tuition, or any other items of value. Any credit given shall not exceed the limit per bingo occasion as prescribed by this rule.
(8) All worker compensation, other than credits, shall be paid on the day of the bingo occasion. This subrule does not apply to the person who completes the semiannual financial statement.
(9) The names of the workers and amounts paid, including any credits as provided by subrule (7) (c) of this rule, shall be recorded on the Workers Service Record for each bingo occasion or as directed by the bureau.
(10) Any and all forms of worker compensation shall only be paid from the proceeds of the licensed gaming event or the financial account as prescribed by R 432.21330.
(11) All compensation shall be reported on the financial statement as prescribed by R 432.21335.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21328 Game records; retention.

Rule 328. (1) Game records pertaining to the licensed gaming event shall be completed and maintained in a current and accurate manner in accordance with the act, these rules, terms of probation, and directives of the bureau. A licensee may be required to complete game records on forms prescribed by the bureau.
(2) A qualified organization issued more than 1 bingo license shall maintain game records as directed by the bureau.
(3) A copy of the current license application and rental agreement and any changes shall be on site and available for review.
(4) Game records and all documents supporting entries made in the records shall be available and on site at all large bingo or small bingo occasions and at other times to authorized representatives of the bureau for review.
(5) Game records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.
(6) Game records and all documents supporting entries made in the records may be removed from the bingo location by authorized representatives of the bureau for review.
(7) Upon completion of an inspection of the bingo game by the bureau, the authorized representative of the bureau may designate certain records that may be moved to an off-site storage area. The records shall be maintained by the licensee at this site in accordance with the retention requirements provided in subrule (5) of this rule.
(8) Game records may be maintained with the use of a computer provided they are maintained in accordance with directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21329 Inventory.

Rule 329. (1) The licensee shall be accountable for all bingo cards and shall maintain an accurate and complete inventory of all disposable bingo cards on forms prescribed by, or submitted to and approved by, the bureau.
(2) A qualified organization issued more than 1 bingo license shall maintain bingo card inventories as directed by the bureau.
(3) Off-site inventory locations shall be a building or office open to the public and not a private residence, except with the prior written approval of the bureau.
(4) There shall be no exchange, sale, sharing, or mixing of disposable bingo cards by a licensee with disposable bingo cards belonging to another licensee, except with the prior written approval of the bureau.
(5) A large bingo or small bingo licensee may use their own disposable bingo cards at special bingo occasions conducted by the licensee provided the date of the special bingo and the amount of each type of disposable bingo card used is noted on the licensee's inventory record.
(6) If disposable bingo cards are sold by a licensee in a form other than that in which they were purchased from the licensed supplier, then the licensee shall accurately record the corresponding transfers on the inventory record as provided by subrule (1) of this rule to account for all bingo cards originally purchased.
(7) Each bingo card or sheet of bingo cards offered for sale by the licensee shall have printed on its face the individualized serial number assigned by the manufacturer.
(8) A licensee shall only purchase disposable bingo cards from a licensed supplier if the invoice and case label have been clearly and legibly identified with the color, type (for example, three-on horizontal), and total number of sheets or total number of packets for each color invoiced or contained in the case.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21330 Accountability; lawful use of proceeds; reasonable expenditures; deposit of proceeds.

Rule 330. (1) The licensee shall be accountable for all cash, bingo cards, prizes, and charity game tickets.
(2) In accordance with the act, the entire net proceeds of a licensed gaming event shall be devoted exclusively to the lawful purposes of the qualified organization.
(3) To ensure that all proceeds are used for the lawful purposes of the qualified organization, all financial

accounts into which proceeds from the licensed gaming event are deposited or transferred shall be open for review by authorized representatives of the bureau.
(4) The payment of expenses incurred in connection with the conduct of the licensed gaming event shall be necessary and reasonable.
(5) Each check written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall meet all of the following requirements:
(a) Each check shall be preprinted with the name of the licensee.
(b) The check shall be signed by authorized person or persons.
(c) The check shall be made payable to a specific person, business, partnership, corporation, or account.
(d) A check shall not be made payable to cash or bearer and shall not be drawn in blank.
(e) The check shall contain a brief description of the expense on the memo line.
(6) Electronic transfers of funds derived from the conduct of the licensed gaming event shall be done in accordance with directives of the bureau.
(7) Cancelled checks written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be returned on a monthly basis to the account holder. Copies of the checks are acceptable, if legible, and if originals can be made available upon request by the bureau.
(8) All monies derived from the conduct of the licensed gaming event shall be deposited into the licensee's financial account within 2 business days of the bingo occasion or as directed by the bureau.
(9) Checks shall not be cashed out of the bingo start cash or gross revenue.
(10) Prize payments and worker compensation are the only allowable cash expenditures from proceeds of the licensed gaming event. All other expenses of the licensed gaming event shall be paid by check as prescribed by this rule.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21331 Rent and rental location agreement.

Rule 331. (1) The licensee shall not pay a fee for rent different from the fee that has been approved by the bureau and the licensee shall not pay rent other than as provided in the written agreement approved by the bureau.
(2) Any changes to the approved rental agreement shall be submitted in writing to the bureau for approval before implementation. These changes shall be agreed to by both the lessor and lessee.
(3) A location shall not be rented by a licensee on a percentage basis.
(4) The licensee shall pay the lessor of a location within the time frame as stipulated in the rental agreement.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21332 Security.

Rule 332. (1) The licensee may assign a worker to provide security services at the bingo occasion and that worker shall be eligible for pay as a worker as prescribed by R 432.21327(4)(c).
(2) A licensee may hire contractual security services and pay them for services at current market rates, provided the activity is conducted in compliance with Act No. 330 of the Public Acts of 1968, as amended, being §338.1051 et seq. of the Michigan Compiled Laws. Persons hired under this subrule shall not assist in the operation of the bingo game in any other capacity.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21333 Advertising.

Rule 333. (1) Only the licensee may advertise a large bingo, small bingo, or special bingo. A licensed hall, lessor, location owner, supplier, or manufacturer or their agent shall not advertise in any manner a licensed gaming event, except as prescribed in R 432.22007.
(2) Large bingo and small bingo licensees may advertise the licensed gaming event by any legal means provided the cost does not exceed 3 percent of gross revenue generated from the licensed gaming event for a 12-month period beginning October 1 and ending September 30 or as otherwise directed by the bureau.
(3) Special bingo licensees may advertise the licensed gaming event by any legal means provided the expenditures are necessary and reasonable.

(4) Advertising shall include all of the following information:
(a) The name of the licensee.
(b) The license number.
(c) The purpose for which the net proceeds will be used.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21334 Bingo financial records; retention.

Rule 334. All of the following financial records shall be available to authorized representatives of the bureau for review, and shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau:
(a) A copy of the financial statements as prescribed by R 432.21335.
(b) Bank validated deposit slips for all proceeds from the licensed gaming event.
(c) Bank statements from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.
(d) Cancelled checks or copies of checks as prescribed by R 432.21330(7) from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.
(e) Invoices or receipts with the date, vendor's name, and a description of the item or service for all expenditures made from financial accounts where proceeds from the licensed gaming event were deposited or transferred.
(f) Loans or donations of funds from individuals shall only be permitted if documented in a written, witnessed document. A copy of the document and repayment schedule and any later changes to these documents shall be maintained with these financial records.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21335 Financial statement requirements.

Rule 335. (1) A large bingo or small bingo licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau.
(2) Unless otherwise directed by the bureau, a large bingo or small bingo licensee shall file the financial statement on a semiannual basis. The statement shall be filed with the bureau by the 10th day of the month following the end of the reporting period. The reporting periods shall be April through September and October through March.
(3) A special bingo licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the licensed gaming event was held.
(4) The financial statement shall be signed by the principal officer of the qualified organization certifying that the information on the financial statement is true, correct, and complete to the best of his or her knowledge.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21336 Senior citizen recreational bingo exemption.

Rule 336. (1) A licensed senior citizen organization may apply to the bureau on a form provided by the bureau for an exemption from these rules if all of the following conditions are met:
(a) The bingo is conducted primarily for the amusement and recreation of the members and guests of the senior citizen organization and not as a fund-raiser.
(b) Only members of the senior citizen organization, the staff, and volunteers may assist in the operation of the bingo.
(c) Players are charged not more than 25 cents or equivalent value for each bingo card.
(d) The total retail value of all merchandise and cash prizes offered or awarded at a bingo occasion shall not exceed $300.00. The value of donated prizes shall be their total retail value.
(e) A record shall be maintained for each bingo occasion that indicates the revenues, expenses, and prizes paid.
(f) All revenue from the bingo is used for prizes or reasonable expenses incurred in operating the bingo or the senior citizens organization.

(g) No person is compensated for participating in the conduct of the bingo.
(2) Licensees under this exemption are not required to submit a semiannual financial statement to the bureau.
(3) The bureau may terminate a licensee's exemption if any portion of subrule (1) of this rule is violated.
History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 4. MILLIONAIRE PARTY

R 432.21401 Licensing requirements.

Rule 401. A qualified organization applying for a millionaire party license shall meet the requirements of R 432.21204.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21402 Principal officer responsibilities.

Rule 402. The principal officer of the qualified organization shall be responsible for all of the following:
(a) Ensuring that there is full accountability of all gaming assets including, but not limited to, cash, prizes, imitation money or chips, raffle tickets, charity game tickets, numeral game tickets, and all funds derived from the licensed gaming event.
(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.
(c) Ensuring that all records related to the licensed gaming event are current and accurate.
(d) Reviewing all reports and correspondence from the bureau.
(e) Signing and ensuring that the financial statement from the licensed gaming event is submitted to the bureau as prescribed by R 432.21420.
(f) Responding in writing to violation notices as prescribed by R 432.21106.
(g) Ensuring that all workers and raffle ticket sellers are qualified to work the licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21403 Millionaire party chairperson; qualifications and duties.

Rule 403. (1) The officers of the qualified organization shall designate at least 1 chairperson to be in charge of and responsible for the conduct of the licensed gaming event in accordance with the act, these rules, terms of probation, and directives of the bureau.
(2) The chairperson is a worker who shall be a bona fide member of the qualified organization for at least 6 months.
(3) The chairperson shall be listed on the license application.
(4) The chairperson shall be familiar with the act, these rules, terms of probation, and directives of the bureau.
(5) The chairperson shall be present on the premises continuously during the occasion.
(6) The chairperson shall be readily identifiable to all millionaire party attendees by wearing a name badge with the word "Chairperson" followed by the name of the licensee and the chairperson's name.
(7) The chairperson shall be in full charge of the licensed gaming event, supervise and direct all workers, and be responsible for assuring the proper receipting, recording, and depositing of all money derived from the conduct of the licensed gaming event.
(8) The chairperson shall attempt to resolve in accordance with the act, these rules, directives of the bureau, and house rules any disputes that may occur during the conduct of the licensed gaming event.
(9) Any change in the chairperson or persons who are listed on the millionaire party license application shall be immediately submitted to the bureau in writing. The notification shall be signed by the principal officer of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21404 Minimum age.

Rule 404. (1) Persons under 18 years of age shall not be permitted to participate in the millionaire party as players and shall not be permitted to operate millionaire party games or assist in the conduct of the

licensed gaming event.
(2) Persons under 18 years of age shall not be permitted to play with, operate, handle, collect, or distribute any kind of millionaire party equipment.
(3) Persons under 18 years of age shall not be permitted to sell or purchase raffle tickets, charity game tickets, or numeral game tickets.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21405 Raffles, charity game tickets, and numeral game tickets.

Rule 405. (1) Raffles held in conjunction with a millionaire party license shall be conducted as prescribed by R 432.21501 to R 432.21522.
(2) Charity game tickets may be sold at a millionaire party as prescribed by R 432.21601 to R 432.21624.
(3) Numeral game tickets may be sold at a millionaire party as prescribed by R 432.21701 to R 432.21721.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21406 Equipment and games.

Rule 406. (1) Only authorized equipment and games may be used at a millionaire party.
(2) Authorized equipment used in the conduct of millionaire parties shall be maintained in good repair and sound working condition.
(3) The utilization of equipment and methods of play shall be such that each player is afforded an equal opportunity to win.
(4) The licensee shall conduct the millionaire party with equipment that it owns, rents or purchases from a licensed supplier, or uses free of charge, except by special permission of the bureau.
(5) All of the following millionaire party equipment and games are authorized:
(a) Wheels.
(b) Roulette.
(c) Dice games where players compete only against the licensee.
(d) Twenty-one or blackjack.
(e) Card games approved by the bureau.
(f) Any other equipment or games approved by the bureau.
(6) In all dice games, the size of the dice shall be at least 3/4 inch.
(7) The licensee shall not pay a percentage of the revenue or net profits from the millionaire party for the use of equipment or for any other reason.
(8) All millionaire party equipment owned by the licensee may be stored at the location of the licensee, if the equipment is stored in a manner to prevent the immediate setup and use at times other than those times stated on the license.
(9) Millionaire party equipment at a rental location shall be removed within 2 working days after the license expires except as approved by the bureau.
(10) The names of all owners shall be permanently affixed in a conspicuous place on all millionaire party equipment.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21407 House rules.

Rule 407. (1) The licensee shall establish and adhere to their house rules for the conduct of the millionaire party. The house rules shall contain at a minimum the following information:
(a) The licensee's name.
(b) The license number.
(c) The price of imitation money or chips and admission fee, if any.
(d) The contingency plan for inclement weather, power outages, equipment failure, and other emergencies.
(e) The refund policy.
(f) The method of play for all millionaire party games to be conducted.
(g) The statutory limit for total prizes or winnings awarded to a single person in a single day.
(h) The bet limit for all games.
(i) The effective date of the house rules.

(2) The licensee shall post all of the following, if applicable:
(a) The limit to the number of hands a player may play.
(b) The method by which the winners will be determined and the raffle will be conducted.
(c) The redemption claim period for charity game tickets as prescribed by R 432.21611(2).
(d) The redemption claim period for numeral game tickets as prescribed by R 432.21709(1)(e).
(3) The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons.
(4) The house rules shall not be in conflict with the act, these rules, or directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21408 Imitation money and chips.

Rule 408. (1) During the conduct of a millionaire party, only imitation money or chips shall be used by the participants. Imitation money or chips shall be used solely for wagering or redemption purposes.
(2) Imitation money or chips shall not be used for the purchase of food, beverages, raffle tickets, charity game tickets, numeral game tickets, non-gaming items, or tipping.
(3) Imitation money or chips shall only be sold by authorized sellers.
(4) Imitation money or chips shall not be sold by dealers or at individual gaming tables.
(5) A player shall not be permitted to give, sell, exchange, or redeem imitation money or chips with another player.
(6) A player shall only redeem imitation money or chips that they have purchased or won.
(7) Imitation money or chips shall only be redeemed at authorized redemption areas.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21409 Millionaire party conduct.

Rule 409. (1) Millionaire parties shall only be conducted between the hours of 8 a.m. and 2 a.m.
(2) The millionaire party license shall be on site and posted in a conspicuous place during the millionaire party occasion.
(3) A copy of the current license application and any changes shall also be on site and available for review.
(4) All winners shall be determined and all prizes shall be awarded within the hours stated on the license, except for disputed prizes.
(5) All winners of raffle prizes shall be determined and all prizes awarded as prescribed by R 432.21515.
(6) A wager shall not be placed on an athletic event or a game involving personal skill.
(7) A wager shall not be placed on a game, contest, or activity other than an approved game taking place at the location within the hours stated on the license.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21410 Game operation.

Rule 410. (1) A bet line shall be established. Any bet not placed on the bet line shall not be considered.
(2) Players shall not touch the dice and shall use a dice cup when throwing the dice. Only the dealer or operator shall touch the dice.
(3) The dice shall hit the side boards of the table when thrown. If the dice do not hit the side boards, then the roll is void and the dice shall be rolled again.
(4) In blackjack, the dealer shall draw on 16 and under and stand on 17 and over.
(5) There shall not be more than 7 players at a blackjack table.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21411 Personal limitation on winnings.

Rule 411. A person who participates in a millionaire party shall not be awarded prizes having a total retail value exceeding the limitations as prescribed by the act. This limitation does not include the value of prizes won through raffles, charity games, and numeral games or the value of imitation money or chips purchased during the occasion.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21412 Workers.

Rule 412. (1) At least 50% of all workers shall be members or spouses of members of the licensee.
(2) A worker shall not play millionaire party games in which they are working or assisting. A worker may play when not working, after paying admission fees and all other fees in the same manner as other players.
(3) A worker is prohibited from purchasing, playing, or accepting as a gift, charity game tickets or numeral game tickets offered for sale by the licensee at any time during the day they are working or assisting.
(4) A concession worker or lessor of the location where a millionaire party is being conducted shall not participate in any manner in the licensed gaming event as a worker. This subrule shall not apply to the lessor if the location is owned by the licensee or an auxiliary organization of the licensee that is conducting the licensed gaming event. This subrule shall not apply to a concession worker if the concession is owned by the licensee or an auxiliary organization of the licensee that is conducting the licensed gaming event.
(5) A worker shall not split a prize with a player or accept tips of any kind.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21413 Worker compensation.

Rule 413. (1) The commissioner shall establish a service compensation schedule for workers.
(2) The commissioner may adjust the established service compensation schedule. If an adjustment is proposed, then the licensees shall be given 30 days to comment before the change is implemented.
(3) A worker shall not be compensated more than the amount established by the commissioner in the service compensation schedule except as prescribed by R 432.21517.
(4) The amount established by the commissioner that may be paid to a worker is as follows:
(a) The chairperson or record keeper shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services for each day of the licensed gaming event worked.
(b) All other workers, except raffle ticket sellers, shall be paid no more than $15.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $30.00 for their services for each day of the licensed gaming event worked.
(5) Only 1 person may be paid as chairperson and only 1 person may be paid as record keeper per day of the licensed gaming event.
(6) An individual may only be compensated for being 1 of the following per day of the licensed gaming event: chairperson, record keeper, or worker.
(7) Compensation to workers shall include, but is not limited to, the following:
(a) Cash or check.
(b) Anything of value, except food and beverages consumed while working that do not exceed $5.00 in retail value.
(c) Credit towards dues, tuition, or any other items of value. Any credit given shall not exceed the limit per occasion as prescribed by this rule.
(8) All worker compensation, other than credits, shall be paid on the day of the licensed gaming event.
(9) The names of the workers and amounts paid, including any credits as provided by subrule (7) (c) of this rule, shall be recorded on the Workers Service Record for each day of the licensed gaming event or as directed by the bureau.
(10) Any and all forms of worker compensation shall only be paid from the proceeds of the licensed gaming event or the financial account as prescribed by R 432.21415.
(11) All compensation shall be reported on the financial statement as prescribed by R 432.21420.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21414 Game records; retention.

Rule 414. (1) Game records pertaining to the licensed gaming event shall be completed and maintained in a current and accurate manner in accordance with the act, these rules, terms of probation, and directives of the bureau. A licensee may be required to complete game records on forms prescribed by the bureau.
(2) Game records shall include a copy of the current license application and any changes.
(3) Game records and all documents supporting entries made in the records shall be available and on site at the occasion and at other times to authorized representatives of the bureau for review.

(4) Game records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.
(5) An invoice showing the cost per item for all millionaire party equipment shall be available and on site at the occasion to authorized representatives of the bureau for review.
(6) Game records and all documents supporting entries made in the records may be removed by authorized representatives of the bureau for review.
(7) Game records may be maintained with the use of a computer provided they are maintained in accordance with directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21415 Accountability; lawful use of proceeds; reasonable expenditures; deposit of proceeds.

Rule 415. (1) The licensee shall be accountable for all cash, prizes, imitation money or chips, raffle tickets, charity game tickets, and numeral game tickets.
(2) In accordance with the act, the entire net proceeds of the licensed gaming event shall be devoted exclusively to the lawful purposes of the qualified organization.
(3) To ensure that all proceeds are used for the lawful purposes of the qualified organization, all financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be open for review by authorized representatives of the bureau.
(4) The payment of expenses incurred in connection with the conduct of the licensed gaming event shall be necessary and reasonable.
(5) Each check written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall meet all of the following requirements:
(a) Each check shall be preprinted with the name of the licensee.
(b) The check shall be signed by authorized person or persons.
(c) The check shall be made payable to a specific person, business, partnership, corporation, or account.
(d) A check shall not be made payable to cash or bearer and shall not be drawn in blank.
(e) The check shall contain a brief description of the expense on the memo line.
(6) Electronic transfers of funds derived from the conduct of the licensed gaming event shall be done in accordance with directives of the bureau.
(7) Cancelled checks written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be returned on a monthly basis to the account holder. Copies of the checks are acceptable, if legible, and if originals can be made available upon request by the bureau.
(8) All monies derived from the conduct of the licensed gaming event shall be deposited into the licensee's financial account within 2 business days of the licensed gaming event or as directed by the bureau.
(9) Checks shall not be cashed out of the millionaire party start cash or gross revenue.
(10) Prize payments and worker compensation are the only allowable cash expenditures from proceeds of the licensed gaming event. All other millionaire party-related expenses shall be paid by check as prescribed by this rule.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21416 Rent and rental location agreement.

Rule 416. (1) A location shall not be rented for a millionaire party unless all of the terms and conditions of rental, including the fee, are in a written agreement approved by the bureau.
(2) A location shall not be rented by a licensee on a percentage basis.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21417 Security.

Rule 417. (1) The licensee may assign a worker to provide security services at the millionaire party and that worker shall be eligible for pay as a worker as prescribed by R 432.21413(4)(b).
(2) A licensee may hire contractual security services and pay them for services at current market rates, provided the activity is conducted in compliance with Act No. 330 of the Public Acts of 1968, as amended, being § 338.1051 et seq. of the Michigan Compiled Laws. Persons hired under this subrule shall not assist in the operation of the millionaire party in any other capacity.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21418 Advertising.

Rule 418. (1) Only the licensee may advertise a millionaire party. A lessor, location owner, supplier, or manufacturer or their agent shall not advertise in any manner a licensed gaming event, except as prescribed by this rule.

(2) A lessor or location owner may provide a space that the licensee renting or using the location may use to advertise the licensed gaming event. Information in the space provided for advertising shall comply with the rules for the licensed gaming event and shall be the responsibility of the licensee.

(3) Advertising is permitted by any legal means.

(4) Expenditures for advertising the licensed gaming event shall be necessary and reasonable.

(5) Advertising shall include all of the following information:

(a) The name of the licensee.

(b) The license number.

(c) The purpose for which the net proceeds will be used.

(d) The personal limitation on winnings as prescribed by the act.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21419 Millionaire party financial records; retention.

Rule 419. All of the following financial records shall be available to authorized representatives of the bureau for review, and shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau:

(a) A copy of the financial statement as prescribed by R 432.21420.

(b) Bank validated deposit slips for all proceeds from the licensed gaming event.

(c) Bank statements from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.

(d) Cancelled checks or copies of checks as prescribed by R 432.21415(7) from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.

(e) Invoices or receipts with the date, vendor's name, and a description of the item or service for all expenditures made from financial accounts where proceeds from the licensed gaming event were deposited or transferred.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21420 Financial statement requirements.

Rule 420. (1) A millionaire party licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the licensed gaming event was held.

(2) The financial statement shall be signed by the principal officer of the qualified organization certifying that the information on the financial statement is true, correct, and complete to the best of his or her knowledge.

History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 5. RAFFLE

R 432.21501 Definitions.

Rule 501. As used in this part:

(1) "Combination raffle" means a series of licensed raffle drawings conducted over multiple drawing dates at one location.

(2) "In-house raffle" means a licensed raffle or a raffle that is conducted in conjunction with a licensed millionaire party, where the raffle tickets are only sold during the time of the licensed gaming event and sold only at the location listed on the license.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21502 Raffles not requiring a license.

Rule 502. A qualified organization is exempt from obtaining a license to conduct a raffle if all of the following elements are present:

(a) All the raffle tickets are sold at the single gathering of the qualified organization.

(b) The drawing is conducted at the same single gathering where the raffle tickets are sold and prizes awarded.

(c) The total retail value of all the prizes does not exceed $100.00 in a consecutive 24-hour period.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21503 Licensing requirements.

Rule 503. (1) A qualified organization applying for a raffle license shall meet the requirements of R 432.21204.

(2) If a qualified organization wishes to conduct a raffle in conjunction with a licensed millionaire party to be conducted by the same qualified organization, then an additional license is not required.

(3) All drawing locations shall be the same if a raffle license is issued for more than 1 date.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21504 Principal officer responsibilities.

Rule 504. The principal officer of the qualified organization shall be responsible for all of the following:

(a) Ensuring that there is full accountability of all gaming assets including, but not limited to, cash, prizes, raffle tickets, charity game tickets, numeral game tickets, and all funds derived from the licensed gaming event.

(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.

(c) Ensuring that all records related to the licensed gaming event are current and accurate.

(d) Reviewing all reports and correspondence from the bureau.

(e) Signing and ensuring the financial statement from the licensed gaming event is submitted to the bureau as prescribed by R 432.21522.

(f) Responding in writing to violation notices as prescribed by R 432.21106.

(g) Ensuring that all workers and raffle ticket sellers are qualified to work the licensed gaming event.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21505 Raffle chairperson; qualifications and duties.

Rule 505. (1) The officers of the qualified organization shall designate at least 1 chairperson to be in charge of and responsible for the conduct of the licensed gaming event in accordance with the act, these rules, terms of probation, and directives of the bureau.

(2) The chairperson shall be a bona fide member of the qualified organization for at least 6 months.

(3) The chairperson shall be listed on the license application.

(4) The chairperson shall be familiar with the act, these rules, terms of probation, and directives of the bureau.

(5) The chairperson shall be present on the premises continuously during the occasion.

(6) The chairperson shall be readily identifiable to all raffle attendees by wearing a name badge with the word "Chairperson" followed by the name of the qualified organization and the chairperson's name.

(7) The chairperson shall be in full charge of the licensed gaming event, supervise and direct all workers, and be responsible for assuring the proper receipting, recording, and depositing of all money derived from the conduct of the licensed gaming event.

(8) The chairperson shall attempt to resolve in accordance with the act, these rules, directives of the bureau, and house rules any disputes that may occur during the conduct of the licensed gaming event.

(9) Any change in the chairperson or persons who are listed on the raffle license application shall be immediately submitted to the bureau in writing. The notification shall be signed by the principal officer of the qualified organization.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21506 Raffle ticket requirements.

Rule 506. (1) All raffle tickets, except those used for in-house raffles, shall contain at a minimum the following information printed in a clear and legible manner:
(a) The name of the licensee.
(b) The license number.
(c) The word "raffle."
(d) The date, time, and location of the drawing.
(e) The price of the raffle ticket.
(f) A unique sequential identification number on the raffle ticket and ticket stub.
(g) The top prize or other information as directed by the bureau.
(h) The stub of the ticket retained by the licensee shall contain a space for the purchaser's name, address, and phone number.
(2) The use of the term's "lotto" or "lottery" is prohibited on raffle tickets.
(3) A raffle ticket shall not be used that requires the removal of a covering material to determine if a ticket is a winner or is eligible to be a winner.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21507 Games.

Rule 507. (1) Authorized games at a large raffle include all of the following:
(a) Raffles.
(b) In-house raffles.
(c) Charity game tickets.
(d) Numeral game tickets.
(e) Any other game approved by the bureau.
(2) Authorized games at a small raffle include all of the following:
(a) Raffles.
(b) In-house raffles.
(c) Any other game approved by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21508 Alternative methods to determine winner.

Rule 508. (1) An alternative method of determining a winner may be used with the prior written approval of the bureau.
(2) The licensee shall post the house rules as prescribed by R 432.21510 at the licensed gaming event site before the start of the licensed gaming event notifying the public of the method used to conduct the raffle and determine the winner.
(3) If circumstances prevent the licensed gaming event from being conducted using the bureau approved alternative method, then the winner shall be determined by reverting back to a traditional raffle drawing on the scheduled date.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21509 Minimum age.

Rule 509. Raffle tickets shall only be sold to person's 18 years of age or older. This does not prohibit the purchase of a raffle ticket by a person who is 18 years of age or older for the purpose of making a gift to a person who is under the age of 18, and does not prohibit a person who is under 18 years of age from receiving a prize or prizes won in a raffle.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21510 House rules.

Rule 510. (1) The licensee shall establish and adhere to their house rules for the conduct of the raffle. The house rules shall contain at a minimum the following information:
(a) The licensee's name.
(b) The license number.

(c) The price of the raffle ticket.
(d) The method by which the winners will be determined and the raffle will be conducted.
(e) The contingency plan for inclement weather or other extenuating circumstances if the raffle or alternative raffle cannot be conducted as planned.
(f) The redemption claim period for charity game tickets as prescribed by R 432.21611(2).
(g) The redemption claim period for numeral game tickets as prescribed by R 432.21709(1)(e).
(h) The refund policy.
(i) The effective date of the house rules.
(2) The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons.
(3) The house rules shall not be in conflict with the act, these rules, or directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21511 In-house raffles.

Rule 511. (1) In-house raffles may be conducted if all of the following elements are present:
(a) There is no presale of in-house raffle tickets before the occasion.
(b) There is no sale of in-house raffle tickets outside of the gaming area during the licensed gaming event.
(2) A licensee shall establish and adhere to their house rules for the conduct of an in-house raffle as prescribed by R 432.21510.
(3) A prize shall not be forfeited to the licensee.
(4) If any prize for an in-house raffle is not claimed or if the winner cannot be located the day of the event, then the licensee shall conduct another raffle that same event date using the original pool of ticket stubs.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21512 Real property raffles.

Rule 512. A qualified organization wishing to raffle real property shall provide the bureau with proof of clear title to the property in the name of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21513 Raffle conduct and operation.

Rule 513. (1) Raffle drawings shall only be conducted between the hours of 8 a.m. and 2 a.m.
(2) The raffle license shall be on site and posted in a conspicuous place during the raffle occasion.
(3) A copy of the current license application and any changes shall also be on site and available for review.
(4) The licensee shall not participate in a raffle as a player although this subrule does not prohibit individual members of the licensed organization from purchasing raffle tickets. Raffle tickets shall not be purchased in the name of the licensee.
(5) Raffle drawings shall not be conducted during the bingo occasion at the location stated on the bingo license.
(6) Raffle drawings shall be open to any raffle ticket purchaser or authorized representatives of the bureau during the hours stated on the license.
(7) All winners shall be determined within the hours stated on the license.
(8) All ticket stubs sold shall be placed in the pool of ticket stubs from which the winners shall be drawn except as prescribed by R 432.21508.
(9) The winner or winners of a raffle shall be selected on a random basis and all participants shall be afforded an equal opportunity to win.
(10) The raffle receptacle shall be designed so that each ticket stub placed in the raffle receptacle has an equal opportunity to be drawn.
(11) The order that the winners will be determined shall be announced before the start of the drawing.
(12) Only 1 ticket stub shall be drawn at a time.
(13) If any raffle tickets are sold but the ticket stubs are turned into the licensee too late to be placed in the pool of ticket stubs, then the purchaser shall be issued a refund.
(14) Charity game tickets may be sold at a large raffle as prescribed by R 432.21601 to R 432.21624.
(15) Numeral game tickets may be sold at a large raffle as prescribed by R 432.21701 to R 432.21721.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21514 Raffle ticket sellers.

Rule 514. (1) Raffle ticket sellers may be nonmembers.
(2) Raffle ticket sellers shall be 18 years of age or older.
(3) Raffle ticket sellers in a licensed raffle shall not be entitled to and shall not receive anything of value for their services except as prescribed by R 432.21517.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21515 Raffle prizes.

Rule 515. (1) All prizes shall be awarded.
(2) A winner need not be present to win.
(3) The licensee shall make a diligent effort to locate the winners of all prizes.
(4) A prize shall not be forfeited to the licensee.
(5) Any prize not claimed or for which the winner cannot be located within 60 days from the date of the drawing, shall be distributed in accordance with one of the following methods:
(a) The licensee shall conduct another raffle using the original pool of ticket stubs.
(b) With prior approval of the bureau, the licensee shall donate the prizes to a nonprofit organization with a charitable purpose as prescribed by R 432.21101(1)(b).
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21516 Worker compensation.

Rule 516. (1) The commissioner shall establish a service compensation schedule for workers.
(2) The commissioner may adjust the established service compensation schedule. If an adjustment is proposed, then the licensees shall be given 30 days to comment before the change is implemented.
(3) A worker shall not be compensated more than the amount established by the commissioner in the service compensation schedule except as prescribed by R 432.21517.
(4) The amount established by the commissioner that may be paid to a worker is as follows:
(a) The chairperson shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services.
(b) All other workers, except raffle ticket sellers, shall be paid no more than $15.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $30.00 for their services.
(5) Only one person may be paid as chairperson for each licensed gaming event.
(6) An individual may only be compensated for being 1 of the following for each licensed gaming event: chairperson or worker.
(7) Compensation to workers shall include, but is not limited to, the following:
(a) Cash or check.
(b) Anything of value, except food and beverages consumed while working that do not exceed $5.00 in retail value.
(c) Credit towards dues, tuition, or any other items of value. Any credit given shall not exceed the limit per licensed gaming event as prescribed by this rule.
(8) All worker compensation, other than credits, shall be paid on the day of the licensed gaming event.
(9) The names of the workers and amounts paid, including any credits as provided by subrule (7) (c) of this rule, shall be recorded on the Workers Service Record for each day of the licensed gaming event or as directed by the bureau.
(10) Any and all forms of worker compensation shall only be paid from the proceeds of the licensed gaming event or the financial account as prescribed by R 432.21519.
(11) All compensation shall be reported on the financial statement for the raffle or associated licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21517 Raffle ticket seller's incentive prize.

Rule 517. (1) A raffle ticket seller's incentive prize may be awarded provided the winner is determined by one of the following methods:
(a) The winner is the top raffle ticket seller.
(b) The winner sold the winning raffle ticket.
(c) The winner is determined by a drawing.
(d) The winner is determined by a method approved by the bureau.
(2) The amount of the raffle ticket seller's incentive prize shall be included in the $500.00 prize limitation for a small raffle.
(3) The raffle ticket seller's incentive prize shall be reasonable.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21518 Game records; retention.

Rule 518. (1) Game records pertaining to the licensed gaming event shall be completed and maintained in a current and accurate manner in accordance with the act, these rules, terms of probation, and directives of the bureau. A licensee may be required to complete game records on forms prescribed by the bureau.
(2) Game records and all documents supporting entries made in the records shall be available and on site at the occasion and at other times to authorized representatives of the bureau for review.
(3) Game records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.
(4) Game records shall include, but are not limited to, the following:
(a) All winners by name and address and prizes won if valued over $100.00. The list of winners shall be available to anyone upon written request to the qualified organization.
(b) The names and addresses of all persons receiving a raffle ticket seller's incentive prize and the amount.
(c) A copy of the current license application and any changes.
(5) The ticket stubs shall be retained until all prizes are awarded.
(6) Game records and all documents supporting entries made in the records may be removed by authorized representatives of the bureau for review.
(7) Game records may be maintained with the use of a computer provided they are maintained in accordance with directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21519 Accountability; lawful use of proceeds; reasonable expenditures; deposit of proceeds.

Rule 519. (1) The licensee shall be accountable for all cash, prizes, raffle tickets, charity game tickets, and numeral game tickets.
(2) In accordance with the act, the entire net proceeds of the licensed gaming event shall be devoted exclusively to the lawful purposes of the qualified organization.
(3) To ensure that all proceeds are used for the lawful purposes of the qualified organization, all financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be open for review by authorized representatives of the bureau.
(4) The payment of expenses incurred in connection with the conduct of the licensed gaming event shall be necessary and reasonable.
(5) Each check written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall meet all of the following requirements:
(a) Each check shall be preprinted with the name of the licensee.
(b) The check shall be signed by authorized person or persons.
(c) The check shall be made payable to a specific person, business, partnership, corporation, or account.
(d) A check shall not be made payable to cash or bearer and shall not be drawn in blank.
(e) The check shall contain a brief description of the expense on the memo line.
(6) Electronic transfers of funds derived from the conduct of the licensed gaming event shall be done in accordance with directives of the bureau.
(7) Cancelled checks written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be returned on a monthly basis to the account holder. Copies of the checks are acceptable, if legible, and if originals can be made available upon request by the bureau.

(8) All monies derived from the conduct of the licensed gaming event shall be deposited into the qualified organization's financial account within 2 business days of the drawing or as directed by the bureau.
(9) Checks shall not be cashed out of the raffle start cash or gross revenue.
(10) Prize payments and worker compensation are the only allowable cash expenditures from proceeds of the licensed gaming event. All other raffle-related expenses shall be paid by check as prescribed by this rule.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21520 Advertising.

Rule 520. (1) Only the licensee may advertise a raffle. A licensed hall, lessor, location owner, supplier, or manufacturer or their agent shall not advertise in any manner a licensed gaming event, except as prescribed by this rule.
(2) A lessor or location owner may provide a space that the licensee renting or using the location may use to advertise the licensed gaming event. Information in the space provided for advertising shall comply with the rules for the licensed gaming event and shall be the responsibility of the licensee.
(3) Advertising is permitted by any legal means.
(4) Expenditures for advertising the licensed gaming event shall be necessary and reasonable.
(5) Advertising shall include all of the following information:
(a) The name of the licensee.
(b) The license number.
(c) The purpose for which the net proceeds will be used.
(6) The term's "lotto" or "lottery" shall not be used in any manner to describe or advertise a raffle.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21521 Raffle financial records; retention.

Rule 521. All of the following financial records shall be available to authorized representatives of the bureau for review, and shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau:
(a) A copy of the financial statement as prescribed by R 432.21522.
(b) Bank validated deposit slips for all proceeds from the licensed gaming event.
(c) Bank statements from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.
(d) Cancelled checks or copies of checks as prescribed by R 432.21519(7) from all financial accounts where proceeds from the licensed gaming event were deposited or transferred.
(e) Invoices or receipts with the date, vendor's name, and a description of the item or service for all expenditures made from financial accounts where proceeds from the licensed gaming event were deposited or transferred.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21522 Financial statement requirements.

Rule 522. (1) A large raffle licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the licensed gaming event was held.
(2) A qualified organization conducting a combination raffle shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the last drawing was held.
(3) The financial statement shall be signed by the principal officer of the qualified organization certifying that the information on the financial statement is true, correct, and complete to the best of his or her knowledge.
History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 6. CHARITY GAME

R 432.21601 Licensing requirements.

Rule 601. (1) A qualified organization applying for an annual charity game or special charity game license shall meet the requirements of R 432.21204.
(2) If a qualified organization wishes to conduct a charity game in conjunction with a licensed large bingo, small bingo, special bingo, millionaire party, or large raffle to be conducted by the same qualified organization, an additional license is not required.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21602 Principal officer responsibilities.

Rule 602. The principal officer of the qualified organization shall be responsible for all of the following:
(a) Ensuring that there is full accountability of all gaming assets including, but not limited to, cash, charity game tickets, and all funds derived from the licensed gaming event.
(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.
(c) Ensuring that all records related to the licensed gaming event are current and accurate.
(d) Reviewing all reports and correspondence from the bureau.
(e) Signing and ensuring that financial statements from the licensed gaming event are submitted to the bureau as prescribed by R 432.21624.
(f) Responding in writing to violation notices as prescribed by R 432.21106.
(g) Ensuring that all workers are qualified to work the licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21603 Annual charity game and special charity game chairperson; qualifications and duties.

Rule 603. (1) The officers of the qualified organization shall designate at least 1 chairperson to be in charge of and responsible for the conduct of the licensed gaming event in accordance with the act, these rules, terms of probation, and directives of the bureau.
(2) The chairperson is a worker who shall be a bona fide member of the qualified organization for at least 6 months.
(3) The chairperson shall be listed on the license application.
(4) The chairperson shall be familiar with the act, these rules, terms of probation, and directives of the bureau.
(5) The chairperson of an annual charity game shall make themselves available upon request to an authorized representative of the bureau during reasonable business hours.
(6) The chairperson of a special charity game shall be present on the premises continuously during the occasion.
(7) The chairperson of a special charity game shall be readily identifiable to all charity game ticket purchasers by wearing a name badge with the word "Chairperson" followed by the name of the licensee and the chairperson's name.
(8) The chairperson shall be in full charge of the licensed gaming event, supervise and direct all workers, and be responsible for assuring the proper receipting, recording, and depositing of all money derived from the conduct of the licensed gaming event.
(9) The chairperson shall attempt to resolve in accordance with the act, these rules, directives of the bureau, and house rules any disputes that may occur during the conduct of the licensed gaming event.
(10) Any change in the chairperson or persons who are listed on the annual charity game or special charity game license application shall be immediately submitted to the bureau in writing. The notification shall be signed by the principal officer of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21604 License closing.

Rule 604. Upon permanent cancellation, revocation, or nonrenewal of the organization's annual charity game license, the licensee shall follow the instructions of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21605 Charity game ticket identification and possession.

Rule 605. (1) The licensee shall only sell charity game tickets bearing the Michigan Lottery logo.
(2) Charity game tickets may only be sold at a licensed large bingo, small bingo, special bingo, millionaire party, large raffle, annual charity game, or special charity game.
(3) A qualified organization shall not have in their possession at any time break open tickets other than those bearing the Michigan Lottery logo.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21606 Purchase of charity game tickets.

Rule 606. (1) Charity game tickets shall only be purchased by qualified organizations that have a valid large bingo, small bingo, special bingo, millionaire party, large raffle, annual charity game, or special charity game license issued by the bureau.
(2) A qualified organization shall use a check from a financial account of the licensee for the purchase of charity game tickets.
(3) A licensee shall not purchase and a supplier shall not sell a box of charity game tickets if the manufacturer's shrink-wrap is removed or the manufacturer's seal is broken.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21607 Annual charity game and special charity game conduct.

Rule 607. (1) An annual charity game and special charity game shall only be conducted between the hours of 8 a.m. and 2 a.m.
(2) The annual charity game or special charity game license shall be on site and posted in a conspicuous place during the annual charity game or special charity game occasion.
(3) A copy of the current license application and any changes shall also be on site and available for review.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21608 Charity game operation.

Rule 608. Charity games shall be operated in accordance with directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21609 Charity game ticket sale location and time.

Rule 609. (1) Charity game tickets may be offered for sale only during the time and at the location stated on the license.
(2) Charity game tickets may be offered for sale up to 1 hour before the time and at the location stated on a large bingo or small bingo license.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21610 Minimum age.

Rule 610. (1) Persons under 18 years of age shall not be permitted to sell charity game tickets.
(2) A charity game ticket shall not be sold to a person under 18 years of age. This subrule shall not prohibit the purchase of a charity game ticket by a person 18 years of age or older for the purpose of making a gift to a person under 18 years of age, and shall not prohibit a person under 18 years of age from receiving a prize or prizes won in a charity game.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21611 House rules.

Rule 611. (1) A licensee shall establish and adhere to their house rules governing the sale of charity game tickets.
(2) The house rules shall include a time limit for redemption of charity game tickets that shall be at least 14 days from the date the last charity game ticket of the series is sold.
(3) The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons. The house rules shall list an effective date.
(4) House rules shall not be in conflict with the act, these rules, or directives of the bureau.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21612 Charity game ticket sales.

Rule 612. (1) Charity game tickets shall not be sold for a price other than the price printed on the charity game ticket.
(2) The licensee shall not participate in a charity game as a player although this does not prohibit individual members of the licensed organization from purchasing charity game tickets except as prescribed by this rule.
(3) A worker is prohibited from sharing in a prize, purchasing, playing, or accepting as a gift, charity game tickets offered for sale by the licensee at any time during the day they are working, assisting, or selling.
(4) A person shall not purchase or play charity game tickets at the location they own, manage, or in which they are employed or working as such.
(5) A worker shall not assist players in opening charity game tickets except to provide assistance to a person with a disability.
(6) A charity game ticket series shall not be withdrawn from sale until all charity game tickets from that series are sold.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21613 Insider information.

Rule 613. A licensee shall not allow any person to use or provide any information about the status of a charity game while that game is in play that does, or potentially could, give a person an advantage over another person who does not have the same information.

R 432.21614 Redemption of charity game tickets.

Rule 614. (1) Charity game tickets shall be redeemed only by the licensee that sold the winning charity game ticket.
(2) Charity game tickets shall be redeemed within the time limit posted for redeeming winning charity game tickets in accordance with R 432.21611(2).
(3) A worker shall deface each winning charity game ticket when it is redeemed.
(4) A player shall not be paid any prize unless the player redeems an actual winning charity game ticket, except as allowed by R 432.21615.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21615 Secondary games of chance.

Rule 615. Secondary games of chance approved in writing by the bureau may be conducted with charity game tickets.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21616 Disposition of unsold charity game tickets.

Rule 616. (1) Unsold charity game tickets may be sold at future licensed gaming events conducted by the same organization.
(2) Boxes of charity game tickets may be returned to the supplier if the manufacturer's shrink-wrap has not been removed and the manufacturer's seal has not been broken.
(3) Charity game tickets shall not be sold or transferred between licensed organizations.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21617 Worker compensation.

Rule 617. (1) The commissioner shall establish a service compensation schedule for workers.
(2) The commissioner may adjust the established service compensation schedule. If an adjustment is proposed, then the licensees shall be given 30 days to comment before the change is implemented.
(3) A worker shall not be compensated more than the amount established by the commissioner in the service compensation schedule.
(4) The amount established by the commissioner that may be paid to a worker is as follows:
(a) The chairperson or record keeper of an annual charity game shall be paid no more than $20.00 as of the

effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services for each week of the licensed gaming event worked.
(b) The person who completes the semiannual financial statement shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for each semiannual financial statement submitted.
(c) The chairperson or record keeper of a special charity game shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services for each day of the licensed gaming event worked.
(d) All other workers shall be paid no more than $15.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $30.00 for their services for each day of the licensed gaming event worked.
(5) Only 1 person may be paid as chairperson and only 1 person may be paid as record keeper per week of an annual charity game.
(6) An individual may only be compensated for being 1 of the following per week of an annual charity game: chairperson, record keeper, or worker.
(7) Only 1 person may be paid as chairperson and only 1 person may be paid as record keeper per day of a special charity game.
(8) An individual may only be compensated for being 1 of the following per day of a special charity game: chairperson, record keeper, or worker.
(9) Compensation to workers shall include, but is not limited to, the following:
(a) Cash or check.
(b) Anything of value, except food and beverages consumed while working that do not exceed $5.00 in retail value.
(c) Credit towards dues, tuition, or any other items of value. Any credit given shall not exceed the limit per occasion as prescribed by this rule.
(10) Except for chairperson and record keeper compensation for an annual charity game license, all compensation, other than credits, shall be paid on the day of the licensed gaming event.
(11) The names of the workers and amounts paid, including any credits as provided by subrule (9) (c) of this rule, shall be recorded on the Workers Service Record for each day or week of the licensed gaming event or as directed by the bureau.
(12) Any and all forms of worker compensation shall only be paid from the annual charity game, special charity game, or associated licensed gaming event proceeds or the financial account as prescribed by R 432.21330, R 432.21415, R 432.21519, and R 432.21620.
(13) All compensation shall be reported on the financial statement for the annual charity game, special charity game, or associated licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21618 Game records; retention.

Rule 618. (1) For an annual charity game or a special charity game, game records and all documents supporting entries made in the records shall be maintained separately.
(2) For a large bingo, small bingo, special bingo, millionaire party, or large raffle, charity game records and all documents supporting entries made in the records shall be retained with the game records for the associated licensed gaming event.
(3) Game records pertaining to the sale of charity game tickets shall be completed and maintained in a current and accurate manner in accordance with the act, these rules, terms of probation, and directives of the bureau. A licensee may be required to complete game records on forms prescribed by the bureau.
(4) Game records shall include a copy of the current license application and any changes.
(5) Game records and all documents supporting entries made in the records shall be available and on site at the occasion and at other times to authorized representatives of the bureau for review.
(6) Game records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.
(7) Game records and all documents supporting entries made in the records may be removed by authorized representatives of the bureau for review.

(8) Game records may be maintained with the use of a computer provided they are maintained in accordance with directives of the bureau.

R 432.21619 Inventory.

Rule 619. (1) The licensee shall be accountable for all charity game tickets and shall maintain an accurate and complete inventory of all charity game tickets as directed by the bureau.
(2) Off-site inventory locations shall be a building or office open to the public and not a private residence, except with the prior written approval of the bureau.
(3) There shall be no exchange, sale, sharing, or mixing of charity game tickets by a licensee with charity game tickets belonging to another licensee.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21620 Accountability; lawful use of proceeds; reasonable expenditures; deposit of proceeds.

Rule 620. (1) The licensee shall be accountable for all cash and charity game tickets.
(2) In accordance with the act, the entire net proceeds from the licensed gaming event shall be devoted exclusively to the lawful purposes of the qualified organization.
(3) To ensure that all proceeds are used for the lawful purposes of the qualified organization, all financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be open for review by authorized representatives of the bureau.
(4) The payment of expenses incurred in connection with the conduct of the licensed gaming event shall be necessary and reasonable.
(5) Each check written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall meet all of the following requirements:
(a) Each check shall be preprinted with the name of the licensee.
(b) The check shall be signed by authorized person or persons.
(c) The check shall be made payable to a specific person, business, partnership, corporation, or account.
(d) A check shall not be made payable to cash or bearer and shall not be drawn in blank.
(e) The check shall contain a brief description of the expense on the memo line.
(6) Electronic transfers of funds derived from the conduct of the licensed gaming event shall be done in accordance with directives of the bureau.
(7) Cancelled checks written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be returned on a monthly basis to the account holder. Copies of the checks are acceptable, if legible, and if originals can be made available upon request by the bureau.
(8) All monies derived from the conduct of an annual charity game shall be deposited into the licensee's financial account at least once per week or as directed by the bureau.
(9) All monies derived from the conduct of a special charity game shall be deposited into the licensee's financial account within 2 business days of the licensed gaming event or as directed by the bureau.
(10) Checks shall not be cashed out of charity game ticket start cash or gross revenue.
(11) Prize payments and worker compensation are the only allowable cash expenditures from charity game ticket proceeds. All other charity game ticket-related expenses shall be paid by check as prescribed by this rule.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21621 Security.

Rule 621. (1) The licensee may assign a worker to provide security services at an annual charity game or special charity game and that worker shall be eligible for pay as a worker as prescribed by R 432.21617(4)(d).
(2) A licensee may hire contractual security services and pay them for services at current market rates, provided the activity is conducted in compliance with Act No. 330 of the Public Acts of 1968, as amended, being § 338.1051 et seq. of the Michigan Compiled Laws. Persons hired under this subrule shall not assist in the operation of the licensed gaming event in any other capacity.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21622 Advertising.

Rule 622. (1) Only the licensee may advertise the sale of charity game tickets. A licensed hall, lessor, location owner, supplier, or manufacturer or their agent shall not advertise charity game tickets in any manner.

(2) Annual charity game licensees may advertise the sale of charity game tickets by any legal means provided the cost does not exceed 3 percent of gross revenue generated from the sale of charity game tickets for a 12-month period beginning October 1 and ending September 30 or as directed by the bureau.

(3) Special charity game licensees may advertise the sale of charity game tickets by any legal means provided the expenditures are necessary and reasonable.

(4) Advertising shall include all of the following information:

(a) The name of the licensee.

(b) The license number.

(c) The purpose for which the net proceeds will be used.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21623 Charity game ticket financial records; retention.

Rule 623. All of the following financial records shall be available to authorized representatives of the bureau for review, and shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau:

(a) A copy of the financial statement for the annual charity game, special charity game, or associated licensed gaming event as prescribed by R 432.21335, R 432.21420, R 432.21522, or R 432.21624.

(b) Bank validated deposit slips for all charity game ticket proceeds.

(c) Bank statements from all financial accounts where charity game ticket proceeds were deposited or transferred.

(d) Cancelled checks or copies of checks as prescribed by R 432.21620(7), from all financial accounts where charity game ticket proceeds were deposited or transferred.

(e) Invoices or receipts with the date, vendor's name, and a description of the item or service for all expenditures made from financial accounts where charity game ticket proceeds were deposited or transferred.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21624 Financial statement requirements.

Rule 624. (1) An annual charity game licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau.

(2) Unless otherwise directed by the bureau, an annual charity game licensee shall file the financial statement on a semiannual basis. The statement shall be filed with the bureau by the 10th day of the month following the end of the reporting period. The reporting periods shall be April through September and October through March.

(3) A special charity game licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the licensed gaming event was held.

(4) Large bingo, small bingo, special bingo, millionaire party, and large raffle licensees shall report all charity game ticket revenue, prizes, and purchases on the associated licensed gaming event's financial statement or as directed by the bureau.

(5) The financial statement shall be signed by the principal officer of the qualified organization certifying that the information on the financial statement is true, correct, and complete to the best of his or her knowledge.

History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 7. NUMERAL GAME

R 432.21701 Licensing requirements.

Rule 701. (1) A qualified organization applying for a numeral game license shall meet the requirements of

R 432.21204.
(2) If a qualified organization wishes to conduct a numeral game in conjunction with a licensed millionaire party or large raffle to be conducted by the same qualified organization, an additional license is not required.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21702 Principal officer responsibilities.

Rule 702. The principal officer of the qualified organization shall be responsible for all of the following:
(a) Ensuring that there is full accountability of all gaming assets including, but not limited to, cash, merchandise prizes, numeral game tickets, and all funds derived from the licensed gaming event.
(b) Ensuring that the licensed gaming event is conducted in accordance with the act, these rules, terms of probation, and directives of the bureau.
(c) Ensuring that all records related to the licensed gaming event are current and accurate.
(d) Reviewing all reports and correspondence from the bureau.
(e) Signing and ensuring that the financial statement from the licensed gaming event is submitted to the bureau as prescribed by R 432.21721.
(f) Responding in writing to violation notices as prescribed by R 432.21106.
(g) Ensuring that all workers are qualified to work the licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21703 Numeral game license chairperson; qualifications and duties.

Rule 703. (1) The officers of the qualified organization shall designate at least 1 chairperson to be in charge of and responsible for the conduct of the licensed gaming event in accordance with the act, these rules, terms of probation, and directives of the bureau.
(2) The chairperson is a worker who shall be a bona fide member of the qualified organization for at least 6 months.
(3) The chairperson shall be listed on the license application.
(4) The chairperson shall be familiar with the act, these rules, terms of probation, and directives of the bureau.
(5) The chairperson shall be present on the premises continuously during the occasion.
(6) The chairperson shall be readily identifiable to all numeral game ticket purchasers by wearing a name badge with the word "Chairperson" followed by the name of the licensee and the chairperson's name.
(7) The chairperson shall be in full charge of the licensed gaming event, supervise and direct all workers, and be responsible for assuring the proper receipting, recording, and depositing of all money derived from the conduct of the licensed gaming event.
(8) The chairperson shall attempt to resolve in accordance with the act, these rules, directives of the bureau, and house rules any disputes that may occur during the conduct of the licensed gaming event.
(9) Any change in the chairperson or persons who are listed on the numeral game license application shall be immediately submitted to the bureau in writing. The notification shall be signed by the principal officer of the qualified organization.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21704 Numeral game ticket identification and possession.

Rule 704. (1) The licensee shall only sell numeral game tickets that have been approved by the bureau for sale in Michigan.
(2) Numeral game tickets may only be sold at a licensed millionaire party, large raffle, or numeral game.
(3) A qualified organization shall not have in their possession at any time numeral game tickets other than those that have been approved by the bureau for sale in Michigan.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21705 Purchase of numeral game tickets.

Rule 705. (1) Approved numeral game tickets shall only be purchased by qualified organizations that have a valid millionaire party, large raffle, or numeral game license issued by the bureau.
(2) Qualified organizations shall use a check from a financial account of the licensee for the purchase of

numeral game tickets.
(3) A licensee shall not purchase and a supplier shall not sell numeral game tickets if the manufacturer's packaging is opened or the manufacturer's seal is broken.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21706 Numeral game conduct and operation.

Rule 706. (1) A numeral game shall only be conducted between the hours of 8 a.m. and 2 a.m.
(2) The numeral game license shall be on site and posted in a conspicuous place during the numeral game occasion.
(3) A copy of the current license application and any changes shall also be on site and available for review.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21707 Numeral game ticket sale location and time.

Rule 707. Numeral game tickets may be offered for sale only during the time and at the location stated on the license.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21708 Minimum age.

Rule 708. (1) Persons under 18 years of age shall not be permitted to sell numeral game tickets.
(2) A numeral game ticket shall not be sold to a person under 18 years of age. This subrule shall not prohibit the purchase of a numeral game ticket by a person 18 years of age or older for the purpose of making a gift to a person under 18 years of age, and shall not prohibit a person under 18 years of age from receiving a prize or prizes won in a numeral game.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21709 House rules; prize list; associated winning numbers.

Rule 709. (1) A licensee shall establish and adhere to their house rules governing the sale of numeral game tickets. The house rules shall contain at a minimum the following information:
(a) The licensee's name.
(b) The license number.
(c) The price of the numeral game ticket.
(d) The method by which the winners will be determined and the numeral game will be conducted.
(e) A time limit for the redemption of numeral game tickets.
(f) The total number of tickets offered for sale in the numeral game.
(g) The effective date of the house rules.
(2) The house rules and merchandise prize list and associated winning numbers shall be distributed or posted in a conspicuous place before the numeral game is offered for sale or any tickets are opened and shall remain posted until the end of the licensed gaming event.
(3) House rules shall not be in conflict with the act, these rules, or directives of the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21710 Numeral game ticket sales.

Rule 710. (1) Numeral game tickets shall not be sold for a price other than the price established by the licensee.
(2) The licensee shall not participate in a numeral game as a player although this does not prohibit individual members of the licensed organization from purchasing numeral game tickets except as prescribed by this rule.
(3) A worker shall be prohibited from sharing in a merchandise prize, purchasing, playing, or accepting as a gift, numeral game tickets offered for sale by the licensee at any time during the day they are working, assisting, or selling.
(4) A person shall not purchase or play numeral game tickets at the location they own, manage, or in which they are employed or working as such.
(5) A worker shall not assist players in opening numeral game tickets except to provide assistance to a

person with a disability.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21711 Insider information.

Rule 711. A licensee shall not allow any person to use or provide any information about the status of a numeral game while that game is in play that does, or potentially could, give a person an advantage over another person who does not have the same information.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21712 Redemption and merchandise prizes for numeral game tickets.

Rule 712. (1) Winning numbers for a numeral game shall be determined by use of a series of common ending numbers contained within the pool of numbers making up the numeral game. The winning numbers may not be determined randomly.
(2) Numeral game tickets shall be redeemed only by the licensee that sold the winning numeral game ticket.
(3) Numeral game tickets shall be redeemed within the time limit posted for redeeming winning numeral game tickets in accordance with R 432.21709(1)(e).
(4) A worker shall deface each winning numeral game ticket when it is redeemed.
(5) A player shall not be awarded a merchandise prize unless the player redeems an actual winning numeral game ticket that contains a serial number sold by the licensee.
(6) Only merchandise prizes may be awarded in a numeral game. Cash prizes are prohibited and merchandise prizes may not be converted into cash.
(7) The value of merchandise prizes offered at a numeral game shall be a minimum of 50% of the ideal gross receipts from the game. For the purposes of this subrule, "Ideal gross receipts" means the total amount of receipts that would be received if every individual ticket in a series is sold at the posted price.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21713 Disposition of unsold numeral game tickets.

Rule 713. (1) Deals of numeral game tickets may be returned to the supplier if the manufacturer's packaging has not been opened and the manufacturer's seal has not been broken.
(2) Numeral game tickets shall not be sold or transferred between licensed organizations.
(3) Unsold numeral game tickets and merchandise prizes not awarded may be sold and awarded at future licensed gaming events as directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21714 Worker compensation.

Rule 714. (1) The commissioner shall establish a service compensation schedule for workers.
(2) The commissioner may adjust the established service compensation schedule. If an adjustment is proposed, then the licensees shall be given 30 days to comment before the change is implemented.
(3) A worker shall not be compensated more than the amount established by the commissioner in the service compensation schedule.
(4) The amount established by the commissioner that may be paid to a worker is as follows:
(a) The chairperson or record keeper shall be paid no more than $20.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $50.00 for their services for each day of the licensed gaming event worked.
(b) All other workers shall be paid no more than $15.00 as of the effective date of these rules and the amount may be adjusted by the service compensation schedule not to exceed $30.00 for their services for each day of the licensed gaming event worked.
(5) Only 1 person may be paid as chairperson and only 1 person may be paid as record keeper per day of the licensed gaming event.
(6) An individual may only be compensated for being 1 of the following per day: chairperson, record keeper, or worker.
(7) Compensation to workers shall include, but is not limited to, the following:
(a) Cash or check.

(b) Anything of value, except food and beverages consumed while working that do not exceed $5.00 in retail value.
(c) Credit towards dues, tuition, or any other items of value. Any credit given shall not exceed the limit per occasion as prescribed by this rule.
(8) All worker compensation, other than credits, shall be paid on the day of the licensed gaming event.
(9) The names of the workers and amounts paid, including any credits as provided by subrule (7) (c) of this rule, shall be recorded on the Workers Service Record for each day of the licensed gaming event or as directed by the bureau.
(10) Any and all forms of worker compensation shall only be paid from the numeral game or associated licensed gaming event proceeds or the financial account as prescribed by R 432.21415, R 432.21519, and R 432.21717.
(11) All compensation shall be reported on the financial statement for the numeral game or associated licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21715 Game records; retention.

Rule 715. (1) For a numeral game license, game records and all documents supporting entries made in the records shall be maintained separately.
(2) For a millionaire party or large raffle, numeral game records and all documents supporting entries made in the records shall be retained with the game records for the associated licensed gaming event.
(3) Game records pertaining to the sale of numeral game tickets shall be completed and maintained in a current and accurate manner in accordance with the act, these rules, terms of probation, and directives of the bureau. A licensee may be required to complete game records on forms prescribed by the bureau.
(4) Game records shall include:
(a) A copy of the current license application and any changes.
(b) Numeral game ticket fee stamps.
(5) Game records and all documents supporting entries made in the records shall be available and on site at the occasion and at other times to authorized representatives of the bureau for review.
(6) Game records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.
(7) Game records and all documents supporting entries made in the records may be removed by authorized representatives of the bureau for review.
(8) Game records may be maintained with the use of a computer provided they are maintained in accordance with directives of the bureau.
(9) Winning numeral game tickets shall be kept for at least 60 days following the closing of the numeral game, unless otherwise instructed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21716 Inventory.

Rule 716. (1) The licensee shall be accountable for all numeral game tickets and shall maintain an accurate and complete inventory of all numeral game tickets as directed by the bureau.
(2) Off-site inventory locations shall be a building or office open to the public and not a private residence, except with the prior written approval of the bureau.
(3) There shall be no exchange, sale, sharing, or mixing of numeral game tickets by a licensee with numeral game tickets belonging to another licensee.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21717 Accountability; lawful use of proceeds; reasonable expenditures; deposit of proceeds.

Rule 717. (1) The licensee shall be accountable for all cash, merchandise prizes, and numeral game tickets.
(2) In accordance with the act, the entire net proceeds from the licensed gaming event shall be devoted exclusively to the lawful purposes of the qualified organization.
(3) To ensure that all proceeds are used for the lawful purposes of the qualified organization, all financial

accounts into which proceeds from the licensed gaming event are deposited or transferred shall be open for review by authorized representatives of the bureau.
(4) The payment of expenses incurred in connection with the conduct of the licensed gaming event shall be necessary and reasonable.
(5) Each check written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall meet all of the following requirements:
(a) Each check shall be preprinted with the name of the licensee.
(b) The check shall be signed by authorized person or persons.
(c) The check shall be made payable to a specific person, business, partnership, corporation, or account.
(d) A check shall not be made payable to cash or bearer and shall not be drawn in blank.
(e) The check shall contain a brief description of the expense on the memo line.
(6) Electronic transfers of funds derived from the conduct of the licensed gaming event shall be done in accordance with directives of the bureau.
(7) Cancelled checks written from financial accounts into which proceeds from the licensed gaming event are deposited or transferred shall be returned on a monthly basis to the account holder. Copies of the checks are acceptable, if legible, and if originals can be made available upon request by the bureau.
(8) All monies derived from the conduct of the licensed gaming event shall be deposited into the licensee's financial account within 2 business days of the licensed gaming event or as directed by the bureau.
(9) Checks shall not be cashed out of numeral game ticket start cash or gross revenue.
(10) Worker compensation is the only allowable cash expenditure from numeral game ticket proceeds. All other numeral game ticket-related expenses shall be paid by check as prescribed by this rule.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21718 Security.

Rule 718. (1) The licensee may assign a worker to provide security services at a numeral game and that worker shall be eligible for pay as a worker as prescribed by R 432.21714(4)(b).
(2) A licensee may hire contractual security services and pay them for services at current market rates, provided the activity is conducted in compliance with Act No. 330 of the Public Acts of 1968, as amended, being § 338.1051 et seq. of the Michigan Compiled Laws. Persons hired under this subrule shall not assist in the operation of the licensed gaming event in any other capacity.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21719 Advertising.

Rule 719. (1) Only the licensee may advertise the sale of numeral game tickets. A licensed hall, lessor, location owner, supplier, or manufacturer or their agent shall not advertise numeral game tickets in any manner.
(2) Advertising is permitted by any legal means.
(3) Expenditures for advertising the licensed gaming event shall be necessary and reasonable.
(4) Advertising shall include all of the following information:
(a) The name of the licensee.
(b) The license number.
(c) The purpose for which the net proceeds will be used.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21720 Numeral game ticket financial records; retention.

Rule 720. All of the following financial records shall be available to authorized representatives of the bureau for review, and shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau:
(a) A copy of the financial statement for the numeral game or associated licensed gaming event as prescribed by R 432.21420, R 432.21522, or R 432.21721.
(b) Bank validated deposit slips for all numeral game ticket proceeds.
(c) Bank statements from all financial accounts where numeral game ticket proceeds were deposited or transferred.

(d) Cancelled checks or copies of checks as prescribed by R 432.21717(7), from all financial accounts where numeral game ticket proceeds were deposited or transferred.
(e) Invoices or receipts with the date, vendor's name, and a description of the item or service for all expenditures made from financial accounts where numeral game ticket proceeds were deposited or transferred.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21721 Financial statement requirements.

Rule 721. (1) A numeral game licensee shall submit a financial statement to the bureau on a form provided by or approved by the bureau by the 10th day of the month following the month that the licensed gaming event was held.
(2) Millionaire party and large raffle licensees shall report all numeral game ticket revenue, merchandise prizes, and purchases on the associated licensed gaming event's financial statement or as directed by the bureau.
(3) The financial statement shall be signed by the principal officer of the qualified organization certifying that the information on the financial statement is true, correct, and complete to the best of his or her knowledge.
History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 8. SUPPLIER

R 432.21801 Supplier license application.

Rule 801. (1) A written application for a supplier license, on a form provided by or approved by the bureau, shall be approved by the bureau before a person sells, leases, or distributes authorized bingo or millionaire party equipment, sells charity game tickets, or sells numeral game tickets to a licensee.
(2) The supplier license application shall include additional information as directed by the bureau.
(3) The supplier license application shall be accompanied by the appropriate fee.
(4) An applicant shall disclose to the bureau whether any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant has ever been convicted or becomes convicted of, or forfeited bond upon a charge of, or plead guilty to any of the following offenses:
(a) A felony.
(b) A gambling offense.
(c) Criminal fraud.
(d) Forgery.
(e) Larceny.
(f) Filing a false report with a governmental agency.
(5) Any changes to the information provided on the supplier license application shall be immediately reported to the bureau in writing.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21802 Additional eligibility factors.

Rule 802. In addition to the requirements of the act, the commissioner shall consider the following factors when reviewing a supplier license application or renewal application:
(a) The honesty and integrity of the applicant.
(b) The veracity and accuracy of any information supplied to the bureau by the applicant.
(c) The applicant's indebtedness to local, state, or federal government.
(d) A pending lawsuit or bankruptcy proceeding involving the applicant or any owner, shareholder of the privately held corporation, partner, or officer of the applicant.
(e) The current or past history of compliance of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal laws or regulations.

(f) Criminal convictions of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant for any of the following offenses:
(i) A violation of the act.
(ii) A felony.
(iii) A gambling offense.
(iv) Criminal fraud.
(v) Forgery.
(vi) Larceny.
(vii) Filing a false report with a governmental agency.
(g) The forfeiture of a bond, if the application includes the right to sell charity game tickets or numeral game tickets.
(h) The submission of a check in payment of a charity game ticket invoice or numeral game ticket fee that is not paid by the financial institution on which it is drawn.
(i) The applicant's current or past history of delinquent payments of charity game ticket invoices or numeral game ticket fees.
(j) Any other information considered advisable by the commissioner.
History: 2000 MR 3, Eff. Mar. 23, 2000.

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

Rule 803. (1) A supplier license shall expire at midnight on August 31 and is renewable annually upon the submission of a renewal application provided by or approved by the bureau, unless summarily suspended, suspended, denied, or revoked by the commissioner.
(2) If the ownership changes or any portion of ownership of the privately held corporation, partnership, or sole proprietorship acting as a licensed supplier changes, except for deletion of owners or changes in percentage of ownership, then the license issued to that privately held corporation, partnership, or sole proprietorship shall be void and returned to the bureau without delay.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21804 Supplier license terms and conditions.

Rule 804. (1) Upon the issuance of a supplier license, the licensed supplier agrees to all of the following terms and conditions:
(a) To be bound by and comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, and any other local, state, and federal laws and regulations.
(b) To not assign or transfer the supplier license. A privately held corporation, partnership, or sole proprietorship acting as a licensed supplier shall not attempt to sell or transfer an interest in the business without the prior written approval of the bureau.
(c) To post the supplier license in a conspicuous place for public inspection at the business address location.
(d) To immediately report to the bureau in writing any change in the information stated on or attached to the supplier license application.
(e) To remit payment for charity game tickets as directed by the bureau.
(f) To remit numeral game ticket fees as required by the act and as directed by the bureau.
(g) To not reveal investigative information to any licensee.
(h) To hold the bureau and the state harmless from any liability, including, but not limited to, taxes and legal expenses.
(2) The location at which the licensed supplier does business, including supplemental storage locations or at which an applicant or licensed supplier intends to do business or store equipment, shall be open to inspection during reasonable business hours by an authorized representative of the bureau.
(3) A person shall not refuse to cooperate with, hinder, or obstruct in any way, an authorized representative of the bureau while the representative is in the performance of official duties.
(4) The supplier license shall cover 1 specific business location. The location is determined by the address from which the equipment is delivered or billed. A supplier may operate multiple locations from which equipment is delivered or billed provided each location has been licensed and bonded if selling charity game

tickets or numeral game tickets as prescribed by R 432.21806(1) and R 432.21808(1).
(5) A licensed supplier shall not require any licensee to enter into an exclusive purchase agreement with that licensed supplier.
(6) The commissioner may deny, summarily suspend, suspend, revoke, or refuse to renew a supplier license as prescribed by R 432.21109 to R 432.21111.
(7) A person convicted of a criminal offense under the act or any other gambling offense is ineligible to participate in a supplier license as an owner, shareholder of a privately held corporation, partner, officer, agent, or employee for a period of 1 year after the conviction becomes final.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21805 Equipment sale and rental.

Rule 805. (1) Only bingo and millionaire party equipment authorized by the bureau and in sound working condition may be sold, leased, or rented to licensees.
(2) The name of the licensed supplier shall be affixed to all bingo and millionaire party equipment being rented or leased.
(3) All millionaire party equipment at a rental location shall be removed within 2 working days after the licensed gaming event unless directed otherwise in writing by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21806 Charity game tickets.

Rule 806. (1) A licensed supplier wishing to sell charity game tickets shall make application to the bureau and secure a bond in accordance with directives of the bureau.
(2) A licensed supplier shall only sell charity game tickets to a qualified organization that has a valid large bingo, small bingo, special bingo, annual charity game, special charity game, millionaire party, or large raffle license issued by the bureau.
(3) A licensed supplier shall not sell a box of charity game tickets if the manufacturer's shrink-wrap is removed or the manufacturer's seal is broken.
(4) A licensed supplier shall only sell charity game tickets to a qualified organization at the price established by the bureau. Cash sale premiums, discounts, or rebates are not allowed on charity game tickets.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21807 Charity game ticket inventory.

Rule 807. (1) A licensed supplier shall account for all charity game tickets purchased from the bureau.
(2) A licensed supplier shall provide the bureau with all charity game ticket sales and return information as directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21808 Numeral game tickets.

Rule 808. (1) A licensed supplier wishing to sell numeral game tickets shall make application to the bureau and secure a bond in accordance with directives of the bureau.
(2) A licensed supplier shall only sell numeral game tickets to a qualified organization that has a valid numeral game, millionaire party, or large raffle license issued by the bureau.
(3) A licensed supplier shall only display, offer for sale, sell, or otherwise make available approved numeral game tickets, except as directed by the bureau.
(4) A licensed supplier shall not sell numeral game tickets if the manufacturer's packaging is opened or the manufacturer's seal is broken.
(5) In the case of defective or recalled numeral game tickets the supplier shall cooperate with the manufacturer and the licensees in correcting any problem, which may include returning tickets to the manufacturer.
(6) The licensed supplier shall facilitate the return of defective numeral game tickets to the manufacturer and facilitate any refund due the licensee for losses from the defective numeral game from the manufacturer.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21809 Numeral game ticket inventory.

Rule 809. (1) A licensed supplier shall account for all numeral game tickets purchased from a manufacturer.

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

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21810 Prohibitions.

Rule 810. (1) A licensed supplier or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as a licensed supplier, or agent of a licensed supplier shall not be involved with the operation or management of a licensed gaming event. This rule shall not apply to the delivery, repair, and set up of the equipment, the provision of training before the start of the licensed gaming event, or technical advice during the licensed gaming event.

(2) A licensed supplier or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the licensed supplier, or agent of the licensed supplier shall not be involved, directly or indirectly, in the leasing or rental of a location for a licensed gaming event.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21811 Invoices for bingo and millionaire party equipment, charity game tickets, and numeral game tickets.

Rule 811. (1) A licensed supplier shall record every sale, lease, rental, return, or any other type of transfer of bingo or millionaire party equipment, charity game tickets, and numeral game tickets to or from licensees by completing a sales invoice or credit memo.

(2) All invoices for bingo and millionaire party equipment, charity game tickets, and numeral game tickets shall be sequentially numbered and issued in sequential order.

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

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

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

(6) The invoice shall contain the amount of each sale, all credits, all exchanges, all sales premiums, all rebates or discounts, the net amount of each sale, and any other information as directed by the bureau.

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

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

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

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

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21812 Supplier records; retention.

Rule 812. (1) The licensed supplier shall maintain current and accurate records of all operations in conjunction with the purchase, sale, or rental of bingo or millionaire party equipment, the sale of charity game tickets, and the sale of numeral game tickets in conformity with the act, these rules, terms of probation, and directives of the bureau.

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

(3) The records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.

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

History: 2000 MR 3, Eff. Mar. 23, 2000.

PART 9. MANUFACTURER

R 432.21901 Manufacturer license application.

Rule 901. (1) A written application for a manufacturer license, on a form provided by or approved by the bureau, shall be approved by the bureau before a person sells numeral game tickets to licensed suppliers.
(2) The manufacturer license application shall include additional information as directed by the bureau.
(3) The manufacturer license application shall be accompanied by the appropriate fee.
(4) An applicant shall disclose to the bureau whether any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant has ever been convicted or becomes convicted of, or forfeited bond upon a charge of, or plead guilty to any of the following offenses:
(a) A felony.
(b) A gambling offense.
(c) Criminal fraud.
(d) Forgery.
(e) Larceny.
(f) Filing a false report with a governmental agency.
(5) Any changes to the information provided on the manufacturer license application shall be immediately reported to the bureau in writing.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21902 Additional eligibility factors.

Rule 902. In addition to the requirements of the act, the commissioner shall consider the following factors when reviewing a manufacturer license application or renewal application:
(a) The honesty and integrity of the applicant.
(b) The veracity and accuracy of any information supplied to the bureau by the applicant.
(c) The applicant's indebtedness to local, state, or federal government.
(d) A pending lawsuit or bankruptcy proceeding involving the applicant or any owner, shareholder of the privately held corporation, partner, or officer of the applicant.
(e) The current or past history of compliance of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal laws or regulations.
(f) Criminal convictions of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant for any of the following offenses:
(i) A violation of the act.
(ii) A felony.
(iii) A gambling offense.
(iv) Criminal fraud.
(v) Forgery.
(vi) Larceny.
(vii) Filing a false report with a governmental agency.
(g) The manufacturer may be required to submit a detailed description of their quality control procedures. These procedures shall include, but are not limited to, the following:
(i) The steps taken to minimize the occurrence of defective tickets.
(ii) The ability to trace the cause and extent of any problem in ticket production that might be discovered after the tickets have been sold.
(iii) The steps to ensure that numeral game tickets and materials are protected from theft, alteration, and destruction not only during the manufacturing process, but also while in storage or in transit to the supplier.
(h) Any other information considered advisable by the commissioner.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21903 Manufacturer license investigation and inspection.

Rule 903. (1) Before issuing or renewing a manufacturer license, authorized representatives of the bureau may conduct a background investigation, which may include a review of the applicant's criminal history, sources of financing, ownership, security, production, quality control, and organizational structure.

(2) Authorized representatives of the bureau may conduct site inspections of the manufacturer, as considered necessary by the bureau.

(3) The applicant is responsible for the actual costs of background investigations and inspections, including travel, lodging, and meals.

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21904 Manufacturer license expiration; manufacturer license void on ownership change.

Rule 904. (1) A manufacturer license shall expire at midnight on June 30 and is renewable annually upon the submission of a renewal application provided by or approved by the bureau, unless summarily suspended, suspended, denied, or revoked by the commissioner.

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

History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21905 Manufacturer license terms and conditions.

Rule 905. (1) Upon the issuance of a manufacturer license, the licensed manufacturer agrees to all of the following terms and conditions:

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

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

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

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

(2) All locations at which the licensed manufacturer does business, including manufacturing plants, shipping facilities, supplemental storage locations, and administrative offices shall be open to inspection during reasonable business hours by an authorized representative of the bureau.

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

(4) Within the state of Michigan, the manufacturer shall only sell approved numeral game tickets to licensed suppliers.

(5) Within the state of Michigan, the manufacturer shall not sell or distribute numeral game tickets directly to individuals, companies, or licensed organizations, except as directed by the bureau.

(6) The manufacturer shall notify the bureau immediately of any breach of security experienced, including but not limited to theft or disappearance of stock, tickets, or waste.

(7) The manufacturer shall provide adequate supervision of all phases of ticket design and production to assure that all numeral game tickets are designed and manufactured in accordance with the standards established by the bureau for approved games.

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

(9) A licensed manufacturer shall only display, offer for sale, sell, or otherwise make available to licensed suppliers within Michigan numeral game tickets approved by the bureau.

(10) The commissioner may deny, summarily suspend, suspend, revoke, or refuse to renew a manufacturer

license as prescribed by R 432.21109 to R 432.21111.
(11) A person convicted of a criminal offense under the act or any other gambling offense is ineligible to participate in a manufacturer license as an owner, shareholder of a privately held corporation, partner, officer, agent, or employee for a period of 1 year after the conviction becomes final.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21906 Numeral game ticket standards.

Rule 906. All numeral game tickets manufactured for sale in the state of Michigan shall be approved by the bureau and conform to the standards prescribed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21907 Prohibitions.

Rule 907. (1) A licensed manufacturer or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as a licensed manufacturer, or agent of a licensed manufacturer shall not be involved, directly or indirectly, with the operation or management of a licensed gaming event.
(2) A licensed manufacturer or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the licensed manufacturer, or agent of the licensed manufacturer shall not be involved, directly or indirectly, in the leasing or rental of a location for a licensed gaming event.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21908 Invoices.

Rule 908. (1) A licensed manufacturer shall record every sale, return, or any other type of transfer of numeral game tickets by completing a sales invoice or credit memo.
(2) An invoice for all numeral game tickets shall be given to the supplier at the time of shipping.
(3) The invoice shall contain the name of the supplier purchasing the numeral game tickets, the date, amount of each sale, all credits, all exchanges, the name of the numeral game and serial number of each deal, and any other information as directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21909 Packaging.

Rule 909. (1) A deal of numeral game tickets shall be secured with a seal warning that the deal may have been tampered with if the container was received with an altered or broken seal. The seal shall be tamper resistant and be designed so that if a container was opened or tampered with, it would be easily noticed.
(2) The manufacturer may be required to produce a barcode on each deal as directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21910 Recall of defective numeral game tickets; liability for losses.

Rule 910. (1) If the bureau determines that a numeral game does not meet the standards prescribed by the bureau, then the bureau may require those deals sold in Michigan be recalled.
(2) All recalls shall be done in accordance with directives of the bureau.
(3) Liability for losses due to defective numeral game tickets shall be assumed by the manufacturer selling the numeral game tickets to the licensed supplier.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.21911 Manufacturer records; retention.

Rule 911. (1) The licensed manufacturer shall maintain current and accurate records of all operations in conjunction with the sale of numeral game tickets in conformity with the act, these rules, terms of probation, and directives of the bureau.
(2) The records and all documents supporting entries made in the records shall be available and on site to authorized representatives of the bureau for review.
(3) The records and all documents supporting entries made in the records shall be kept for at least the current calendar year plus 3 years, unless otherwise instructed by the bureau.

(4) A licensed manufacturer shall report to the bureau, on a form provided by or approved by the bureau, all numeral game ticket transactions as directed by the bureau.
History: 2000 MR 3, Eff. Mar. 23, 2000.

Part 10. Hall

R 432.22001 Hall license application.

Rule 1001. (1) A written application for a hall license, on a form provided by or approved by the bureau, shall be approved by the bureau before a location may be rented for the conduct of a regular bingo occasion.
(2) The hall license application shall include additional information as directed by the bureau.
(3) The hall license application shall be accompanied by the appropriate fee.
(4) An applicant shall disclose to the bureau whether any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant has ever been convicted or becomes convicted of, or forfeited bond upon a charge of, or plead guilty to any of the following offenses:
(a) A felony.
(b) Criminal fraud.
(d) Forgery.
(e) Larceny.
(f) Filing a false report with a governmental agency.
(5) Any changes to the information provided on the hall license application shall be immediately reported to the bureau in writing.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22002 Additional eligibility factors.

Rule 1002. In addition to the requirements of the act, the commissioner shall consider the following factors when reviewing a hall license application or renewal application:
(a) The honesty and integrity of the applicant.
(b) The veracity and accuracy of any information supplied to the bureau by the applicant.
(c) The applicant's indebtedness to local, state, or federal government.
(d) A pending lawsuit or bankruptcy proceeding involving the applicant or any owner, shareholder of the privately held corporation, partner, or officer of the applicant.
(e) The current or past history of compliance of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, or any other local, state, or federal laws or regulations.
(f) Criminal convictions of the applicant or any owner, shareholder of the privately held corporation, partner, officer, person residing in the same household as the applicant, or agent of the applicant for any of the following offenses:
(i) A violation of the act.
(ii) A felony.
(iii) A gambling offense.
(iv) Criminal fraud.
(v) Forgery.
(vi) Larceny.
(vii) Filing a false report with a governmental agency.
(g) Any other information considered advisable by the commissioner.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22003 Hall license expiration; hall license void on ownership change.

Rule 1003. (1) A hall license shall expire at midnight on the last day of February, or if the applicant does not own the facility, on the expiration date of their lease or rental agreement if that date is before the last day of February of the current licensing year. The license is renewable annually upon the submission of a

renewal application provided by or approved by the bureau, unless summarily suspended, suspended, denied, or revoked by the commissioner.
(2) If the ownership changes or any portion of ownership of a privately held corporation, partnership, or sole proprietorship acting as a licensed hall changes, except for deletion of owners or changes in percentage of ownership, then the license issued to that privately held corporation, partnership, or sole proprietorship shall be void and returned to the bureau without delay.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22004 Hall license terms and conditions.

Rule 1004. (1) Upon the issuance of a hall license or the renting or allowing the usage of a licensed hall for the conduct of a licensed gaming event, the hall licensee agrees to all of the following terms and conditions:
(a) To be bound by and comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, and any other local, state, and federal laws and regulations.
(b) To not assign or transfer the hall license. A privately held corporation, partnership, or sole proprietorship acting as a licensed hall shall not attempt to sell or transfer an interest in the business without the prior written approval of the bureau.
(c) To post the hall license in a conspicuous place for public inspection at the hall.
(d) To immediately report to the bureau in writing any change in the information stated on or attached to the hall license application.
(e) To not engage in any activity, which implies or is a conflict of interest with the hall licensee's duty to remain totally unassociated with the operation or management of a licensed gaming event.
(f) To not directly or indirectly lend, provide or give money to, or borrow money from a licensee.
(g) To not exert any influence upon a bingo licensee's choice of supplier.
(h) To not offer or give away anything of value, such as food or transportation, to players or the bingo licensee's workers.
(i) To not offer any promotional game of chance as an inducement to encourage players to patronize the licensed hall.
(j) To maintain all bingo equipment included in the terms of the rental agreement in good repair and sound working order.
(k) To hold the bureau and the state harmless from any liability, including, but not limited to, taxes and legal expenses.
(2) The location at which the licensed hall does business shall be open to inspection during reasonable business hours by an authorized representative of the bureau.
(3) A person shall not refuse to cooperate with, hinder, or obstruct in any way, an authorized representative of the bureau while the representative is in the performance of official duties.
(4) The commissioner may deny, summarily suspend, suspend, revoke, or refuse to renew a hall license as prescribed by R 432.21109 to R 432.21111.
(5) A person convicted of a criminal offense under the act or any other gambling offense is ineligible to participate in a hall license as an owner, shareholder of the privately held corporation, partner, officer, agent, or employee for a period of 1 year after the conviction becomes final.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22005 Bingo rent.

Rule 1005. (1) The hall licensee shall not charge or accept a fee for rent different from the fee that has been approved by the bureau. A licensed hall shall not be rented to a licensee on a percentage basis.
(2) The rental fee stated in the agreement shall include all charges payable to the hall licensee for services related directly or indirectly to the conduct of bingo at the licensed hall.
(3) Any changes to the original rental agreement shall be submitted to the bureau in writing for approval prior to implementation. These changes shall be agreed to by both the hall licensee and bingo licensee.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22006 Bingo occasions.

Rule 1006. (1) A location shall not be used for more than 10 large bingo, small bingo, or special bingo occasions each week or any combination of large bingo, small bingo, or special bingo occasions. A location includes all components or buildings comprising 1 architectural entity or serving a unified functional purpose.
(2) Not more than 2 bingo licenses shall be issued for the same day at any 1 location.
(3) If more than 1 bingo license is issued for the same location on the same day, then there shall be a minimum of 1 hour between the ending time of the first bingo occasion and the beginning time of the second bingo occasion.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22007 Advertising.

Rule 1007. (1) A hall licensee shall not advertise in any manner any gaming activity licensed by the bureau, except the hall licensee may use the word bingo in its name.
(2) A hall licensee may provide a space that the bingo licensee renting or using the licensed hall may use to advertise the licensed gaming event. Information in the space provided for advertising shall comply with the rules for the licensed gaming event and shall be the responsibility of the bingo licensee.
History: 2000 MR 3, Eff. Mar. 23, 2000.

R 432.22008 Prohibitions.

Rule 1008. (1) Any owner, shareholder of the privately held corporation, partner, officer, agent, or employee of a for-profit licensed hall shall not:
(a) Participate in any manner in a licensed gaming event at that hall as a worker or player.
(b) Purchase or play charity game tickets at the licensed hall that they own, manage, or in which they are employed or work.
(c) Purchase raffle tickets or participate in a raffle at the licensed hall that they own, manage, or in which they are employed or work.
(d) Pay for, provide in any manner, or have any interest of any kind in a player's bingo cards, charity game tickets, or raffle tickets.
(e) Provide or share in a prize.
(f) Be a licensed supplier.
(2) An employee who is a concession worker is subject to subrule (1) of this rule only on days that they are working at the for-profit licensed hall.
(3) A person residing in the same household as the owner, shareholder of the privately held corporation, partner, or officer of a for-profit licensed hall is subject to the same rules as the owner, shareholder of the privately held corporation, partner, or officer of the for-profit licensed hall.
(4) An owner, shareholder of the privately held corporation, partner, officer, agent, or manager of a for-profit licensed hall shall not be an officer of the qualified organization that conducts a licensed gaming event at that licensed hall.
History: 2000 MR 3, Eff. Mar. 23, 2000.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

LIQUOR CONTROL COMMISSION

RETAIL LICENSEES SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION ON PREMISES

R 436.1—R 436.4
Source: 1997 AACS.

R 436.6—R 436.18
Source: 1997 AACS.

R 436.19(1)—R 436.41
Source: 1997 AACS.

RETAIL SALE OF BEER AND WINE FOR CONSUMPTION OFF PREMISES

R 436.51—R 436.64
Source: 1997 AACS.

R 436.66—R 436.67(2)
Source: 1997 AACS.

R 436.68
Source: 1997 AACS.

R 436.69—R 436.81
Source: 1997 AACS.

SPECIALLY DESIGNATED DISTRIBUTORS SELLING SPIRITS FOR CONSUMPTION OFF PREMISES

R 436.91—R 436.126
Source: 1997 AACS.

LICENSED MANUFACTURERS, WHOLESALERS, SALES REPRESENTATIVES, AND RETAIL LICENSEES

R 436.544
Source: 1997 AACS.

SPECIAL LICENSES FOR SALE OF ALCOHOLIC LIQUOR AT RETAIL FOR CONSUMPTION ON PREMISES

R 436.571 Rescinded.
History: 1944 ACS 12; 1954 AC; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.572 Special license explained.
Rule 2. A special license authorizes a person to sell alcoholic liquor at retail for consumption on the premises only for a limited period of time.
History: 1944 ACS 12; 1954 AC; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.573 Rescinded.
History: 1944 ACS 12; 1944 ACS 30; 1954 AC; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.574 Application limited to nonprofit organizations; profits.
Rule 4. Only a nonprofit organization may apply for a special license. All profits derived from the sale of alcoholic liquor must go to the organization itself and not to any individual.
History: 1944 ACS 12; 1954 AC; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.575 Applications.
Rule 5. An applicant shall ensure that its application for a special license is received in the offices of the Michigan liquor control commission, Lansing, Michigan, not less than 10 days before the date the license is

desired. The president and secretary of the organization making application shall sign the application in the presence of 2 witnesses and the signatures shall be notarized. Further, an applicant shall submit, with the application, an affidavit showing the length of time the organization has been in existence.
History: 1944 ACS 12; 1944 ACS 30; 1954 AC; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.578 Rescinded.
History: 1944 ACS 12; 1954 AC; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.580 Rescinded.
History: 1944 ACS 12; 1954 AC; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.581 Rescinded.
History: 1944 ACS 12; 1944 ACS 30; 1954 AC; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.582 Special licensee source of purchase options.
Rule 12. (1) A special licensee may purchase spirits from a licensed specially designated distributor at the uniform sales price set by the commission.
(2) A special licensee may purchase beer and wine from any of the following entities:
(a) A licensed specially designated merchant.
(b) A licensed wholesaler.
(c) A licensed Michigan wine maker or small wine maker.
(3) A special licensee may purchase mixed spirit drink from a specially designated distributor or from a licensed wholesaler.
History: 2000 MR 3, Eff. Mar. 20, 2000.

PURCHASES OF ALCOHOLIC SPIRITS BY HOSPITALS, CHARITABLE INSTITUTIONS, AND MILITARY ESTABLISHMENTS WITHIN STATE

R 436.601
Source: 1997 AACS.

GENERAL RULES

R 436.1001 Definitions.
Rule 1. (1) As used in these rules:
(a) "Act" means Act No. 58 of the Public Acts of 1998, as amended, being §436.1101 et seq. of the Michigan Compiled Laws.
(b) "Broker" means a person, other than an individual, who is licensed by the commission and who is employed or otherwise retained by any of the following entities to sell, promote or otherwise assist in the sale or promotion of alcoholic liquor:
(i) A manufacturer.
(ii) A vendor of spirits.
(iii) An outstate seller of beer.
(iv) An outstate seller of wine.
(v) An outstate seller of mixed spirit drink.
(vi) A manufacturer of mixed spirit drink.
(vii) A wholesaler.
(c) "Co-licensee" means 1 of 2 or more persons whose names appear on any single license issued by the commission, except for a person whose name appears on the license in a fiduciary capacity. All co-licensees on a single license are considered a partnership for purposes of the act and these rules.
(d) "Cooperative advertising" means a joint effort between licensees or vendors of spirits to advertise alcoholic liquor.

(e) "Department store" means a retail store that has all of the following:
(i) More than 15,000 square feet.
(ii) A minimum of 4 separate and distinct major departments that include at least 1 of the stores listed in R 436.1129(1)(a) to (g).
(iii) A minimum inventory of $250,000.00, at cost.
(f) "Drive-in" or "drive-through" means an establishment that allows the sale of alcoholic liquor to a retail customer through a service window or similar aperture without requiring the retail customer to exit his or her vehicle to make the purchase and includes an establishment that allows the retail customer to drive in or through any enclosed building or structure and make a purchase of alcoholic liquor without requiring the retail customer to exit his or her vehicle.
(g) "Driver helper" means a person who is not less than 18 years of age and who accompanies and assists, and who may only accompany and assist, a licensed salesperson in delivering alcoholic liquor to a retail licensee.
(h) "Licensed premises" means any portion of a building, structure, room, or enclosure on real estate that is owned, leased, used, controlled, or operated by a licensee in the conduct of the business at the location for which the licensee is licensed by the commission, except when otherwise specified by commission rule or written commission order.
(i) "Licensee" means the person to whom a license is issued by the commission to manufacture, sell, import, warehouse, deliver, or promote, or otherwise assist in the sale of, alcoholic liquor.
(j) "Major thoroughfare" means a street or highway which is primarily for through traffic and which has not less than 4 lanes of traffic, excluding any lanes that are used primarily for turning purposes and any lanes in which parking is allowed at any time.
(k) "Neighborhood shopping center" means 1 commercial establishment, or a group of commercial establishments organized or operated as a unit, which is related in location, size, and type of shop to the trade area that the unit serves, which provides not less than 50,000 square feet of gross leasable retail space, and which provides 5 private off-street parking spaces for each 1,000 square feet of gross leasable retail space.
(l) "Off-premises licensee" means a person who is licensed by the commission to sell alcoholic liquor at retail for consumption off the licensed premises.
(m) "On-premises licensee" means a person who is licensed by the commission to sell alcoholic liquor at retail for consumption on the licensed premises.
(n) "Permit" means a contract between the commission and a licensee granting authority to the licensee to perform the functions defined in the act or commission rules for a specific permit.
(o) "Privately held corporation" means a corporation that does not trade its stock on a stock exchange or in over-the-counter transactions. A subsidiary of a corporation that trades its stock on a stock exchange or in over-the-counter transactions is not a privately held corporation.
(p) "Public room" means a room that is open for use by the general public for eating, drinking, or amusement. "Public room" does not mean any of the following:
(i) A restroom.
(ii) A kitchen.
(iii) A storage room.
(iv) An office.
(v) A boiler room.
(vi) A hallway.
(vii) A landing.
(viii) A stairway.
(ix) An elevator.
(x) A dance floor.
(xi) A stage.
(xii) An area similar to the areas specified in this subdivision.
(q) "Release" means a document in which written permission is granted by the commission to ship alcoholic liquor into this state.

(r) "Salesperson" means a person who is employed by any of the following entities and who is licensed by the commission to sell, deliver, or promote, or otherwise assist in the sale of, alcoholic liquor in this state:
(i) A vendor of spirits.
(ii) A broker.
(iii) A manufacturer of beer or wine.
(iv) An outstate seller of beer or wine.
(v) A wholesaler.
(s) "Sample of alcoholic liquor" means a container which bears the word "sample" and which is not more than 1 liter or 33.82 United States fluid ounces. If a product is not available in a container of 1 liter or less, then the next larger size may be substituted. However, a container shall not be more than 3 liters.
(t) "Sports/entertainment venue" means a facility which is licensed to sell alcoholic liquor for on-premises consumption which has a seating capacity of 4,500 or more, which is primarily used for sporting events or other entertainment, and which is not located on the campus of a 2- or 4-year college or university.
(u) "Temporary bin display" means a freestanding device which is constructed of any material that is used for the exhibition of beer, wine, or spirits on the premises of a retail licensee who is licensed for off-premises sales only and which must be removed from the retail licensed premises not later than 120 days after installation.
(v) "Vendor of spirits" means a person who sells spirits to the commission.
(w) "Vendor representative" means a person who is licensed by the commission and who is authorized by a manufacturer of beer or wine, an outstate seller of beer or wine, or a vendor of spirits to represent the respective employer or principal in transactions with the commission.
(2) Terms defined in the act have the same meanings when used in these rules.
(3) Terms defined in the act and these rules have the same meanings when used in rules previously or hereafter promulgated by the commission.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1979 ACS 9, Eff. Jan. 5, 1982; 1984 MR 3, Eff. Mar. 27, 1984; 1985 MR 5, Eff. June 18, 1985; 1986 MR 12, Eff. Jan. 15, 1987; 1994 MR 4, Eff. May 12, 1994; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1003
Source: 1980 AACS.

R 436.1005
Source: 1980 AACS.

R 436.1007
Source: 1980 AACS.

R 436.1009
Source: 1980 AACS.

R 436.1011 Prohibited conduct of licensees, agents, or employees.
Rule 11. (1) The clerk, servant, agent, or employee of a licensee shall not engage in an illegal occupation or illegal act on the licensed premises. A certified copy of a conviction is prima facie evidence of a violation.
(2) A licensee, an officer of a licensed corporation, a stockholder of a privately held corporation, or a member or manager of a limited liability company shall not, on or off its licensed premises, commit:
(a) A felony.
(b) A crime involving the excessive use of alcoholic liquor.
(c) A crime involving gambling, prostitution, weapons, violence, tax evasion, fraudulent activity, or controlled substances.
(d) A misdemeanor of such a nature that it impairs, or may impair, the ability of the person to operate the licensed business in a safe and competent manner.
(e) Any of the offenses specified in this subrule which results in sentencing after a plea of nono contendere and for which the licensee is subject to the penalties in section 903 of the act. A certified copy of a conviction is prima facie evidence of a violation.

(2) If a licensee, an officer of a licensed corporation, a stockholder of a privately held corporation, or a member or manager of a limited liability company is
convicted of a misdemeanor, a felony, or a crime involving the excessive use of
alcoholic liquor, or is sentenced after a plea of nolo contendere in connection with any of the offenses specified in this subrule, then the licensee is subject to the penalties in section 903 of the act and the persons enumerated in this subrule shall not engage in an illegal occupation or illegal act. A certified copy of a conviction is prima facie evidence of a violation.
(3) A licensee, or the clerk, servant, agent, or employee of the licensee, shall not hinder or obstruct a law enforcement officer or commission inspector or investigator in the course of making an investigation or inspection of the premises and shall not refuse, fail, or neglect to cooperate with a law enforcement officer or a commission inspector or investigator in the performance of his or her duties to enforce the act or commission rules.
(4) A licensee, or the clerk, servant, agent, or employee of a licensee, shall not impersonate a commission employee, a commission investigator, or a law enforcement officer empowered to enforce the act or commission rules.
(5) A licensee, or the clerk, servant, agent, or employee of the licensee, shall not do any of the following:
(a) Allow, on the licensed premises, the annoying or molesting of customers or employees by other customers or employees.
(b) Knowingly allow the licensed premises to be used by any person for the purposes of accosting or soliciting another person to commit prostitution.
(c) Allow, on the licensed premises, fights, brawls, or the improper use of firearms, knives, or other weapons.
(d) Allow the sale, possession, or consumption on the licensed premises of any controlled substances that are prohibited by Act No. 368 of the Public Acts of 1978, as amended, being § 333.1101 et seq. of the Michigan Compiled Laws.
(e) Allow narcotics paraphernalia to be used, stored, exchanged, or sold on the licensed premises.
(6) A retail licensee shall not sell any alcoholic liquor off the licensed premises, except as follows:
(a) An on-premises licensee may provide out-of-doors service if done in accord with the provisions of R 436.1419.
(b) An off-premises licensee may deliver a preordered quantity of alcoholic liquor to a customer; however, the licensee shall not make a delivery to a customer on the campus of a 2- or 4-year college or university, unless the customer is licensed by the commission.
(c) An off-premises licensee may provide out-of-doors service if done in accord with the provisions of R 436.1521.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1979 ACS 16, Eff. Nov. 15, 1983; 1985 MR 12, Eff. Jan. 1, 1986; 1995 MR 11, Eff. Dec. 16, 1995; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1013
Source: 1980 AACS.

R 436.1015
Source: 1980 AACS.

R 436.1017
Source: 1980 AACS.

R 436.1019
Source: 1980 AACS.

R 436.1021
Source: 1980 AACS.

R 436.1023 Transfer of location of licensed premises; alteration of premises; lease, sale, or transfer of premises.

Rule 23. (1) A licensee shall not transfer the location of the licensed premises without the prior written approval of the commission.
(2) A licensee shall not, without the prior written approval of the commission, do any of the following:
(a) Make an alteration in the size of the physical structure of the licensed premises.
(b) Add or drop any space to or from the physical structure of the licensed premises.
(c) If the licensee holds a class C or B hotel license, install any additional bars.
(3) A licensee shall not lease, sell, or transfer possession of a portion of the licensed premises without the prior written approval of the commission.

History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000

R 436.1025
Source: 1980 AACS.

R 436.1027
Source: 1980 AACS.

R 436.1029
Source: 1980 AACS.

R 436.1031
Source: 1980 AACS.

R 436.1033
Source: 1980 AACS.

R 436.1035
Source: 1980 AACS.

R 436.1037
Source: 1980 AACS.

R 436.1039
Source: 1980 AACS.

R 436.1041
Source: 1980 AACS.

R 436.1043
Source: 1980 AACS.

R 436.1045 Dispensing equipment, furniture, or fixtures.

Rule 45. (1) A manufacturer, an outstate seller of beer or wine, or a wholesaler shall not sell, give, or otherwise furnish dispensing equipment, furniture, or fixtures to a retail licensee, except upon written order of the commission or as provided by R 436.1611(3).
(2) A retail licensee shall not purchase, receive, or otherwise accept dispensing equipment or components, furniture, or fixtures from a manufacturer, an outstate seller of beer or wine, or a wholesaler, except upon written order of the commission or as provided by R 436.1611(3).
(3) A manufacturer, wholesaler, or retail licensee who sells alcoholic liquor to a special licensee may provide the special licensee with draft beer dispensing equipment or cooling equipment for use by the special licensee during the effective period of the special license.
(4) A licensee shall not allow, on the licensed premises, any vending machine, whether or not operated by coin or currency that dispenses a type of alcoholic liquor directly to a customer. This subrule does not apply

to a dispensing machine, which is commonly known as an "in-room bar device", whether or not operated by coin or currency, and which is located in the bedrooms or suites of licensed hotels.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1992 MR 6, Eff. July 15, 1992; 2000 MR 3, Eff. Mar. 20, 2000

R 436.1047
Source: 1980 AACS.

R 436.1049
Source: 1980 AACS.

R 436.1051
Source: 1980 AACS.

R 436.1053 Proof of loss or destruction of a license or permit.
Rule 53. To prove the loss or destruction of a license or permit, a licensee shall make a written statement as to the loss or destruction and shall file it with the commission.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1055
Source: 1980 AACS.

R 436.1057
Source: 1980 AACS.

R 436.1059 Dishonored payment.
Rule 59. A licensee, or the clerk, servant, agent, or employee of a licensee, shall not make payment to the commission or the state of Michigan by any means that will be dishonored by a financial institution for lack of sufficient funds or for any other reason.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1061
Source: 1980 AACS.

R 436.1062 Facsimile transmissions.
Rule 62. (1) The commission may accept documents and filings, including documents and filings requiring signature, by facsimile (fax) communication
equipment, if the documents and filings are transmitted in accordance with this rule and in accordance with procedures for fax transmissions that the commission may establish.
(2) All documents and filings submitted under this rule shall be on 8½ inch x 11 inch standard paper and shall be legible.
(3) A special license, as defined in Section 111(10) of the act, may be transmitted by facsimile to the special licensee for use and display during the effective dates of the license for good cause shown.
(4) The commission may transmit a license or permit, other than a special license, to a licensee by facsimile for good cause shown if the facsimile copy of the license bears an expiration date that allows its use and display for a maximum of 5 business days after the actual license or permit is mailed to the licensee.
(5) The commission shall not transmit a license or permit by facsimile to a licensee unless all required documents have been received in the commission's Lansing office and all applicable fees for the license or permit have been paid.
(6) Documents and filings received by the commission under this rule after 4 p.m. are considered filed on the next business day.
(7) A cover sheet shall accompany any facsimile transmission to the commission. The cover sheet shall include all of the following information:
(a) The name and telephone number of the sender.
(b) The title or description of the document or filing being transmitted.

(c) Any application or file number pertaining to the document or filing being transmitted.
(8) Notwithstanding subrule (1) of this rule, the commission may refuse to accept the facsimile transmission of a document the commission determines requires an original signature.
(9) A facsimile transmission accepted by the commission under this rule and certified by an agent of the commission is considered an original for all purposes and is admissible in evidence in like manner as an original.
History: 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1063
Source: 1980 AACS.

LICENSING QUALIFICATIONS

R 436.1101
Source: 1997 AACS.

R 436.1105 Application for license; denial; grounds.

Rule 5. (1) An applicant for a license shall provide evidence in the application of, or demonstrate at a hearing, all of the following:
(a) If an individual, that the applicant is the legal age for the consumption of alcoholic liquor in this state; if a partnership, that all partners are the legal age for the consumption of alcoholic liquor in this state; if a privately held corporation, that all stockholders are the legal age for the consumption of alcoholic liquor in this state, unless the stock of the stockholders is held in a fiduciary relationship; or if a limited liability company, that all members are the legal age for the consumption of alcoholic liquor in this state.
(b) The existence of adequate legitimate and verifiable financial resources for the establishment and operation of the proposed licensed business in proportion to the type and size of the proposed licensed business.
(c) The existence of an adequate physical plant or plans for an adequate physical plant appropriate for the type and size of the proposed licensed business.
(d) That the location of the proposed licensed business shall adequately service the public.
(2) The commission shall consider all of the following factors in determining whether an applicant may be issued a license or permit:
(a) The applicant's management experience in the alcoholic liquor business.
(b) The applicant's general management experience.
(c) The applicant's general business reputation.
(d) The opinions of the local residents, local legislative body, or local law enforcement agency with regard to the proposed business.
(e) The applicant's moral character.
(f) The order in which the competing initial application forms are submitted to the commission; however, this subdivision shall not apply to an application for a resort license authorized by section 531 of Act No. 58 of the public acts of 1998, as amended, being §436.1531 of the Michigan Compiled Laws.
(g) Past criminal convictions of the applicant for crimes involving moral turpitude, violence, or alcoholic liquor.
(h) The applicant's excessive use of alcoholic liquor.
(i) The effects that the issuance of a license would have on the economic development of the area.
(j) The effects that the issuance of a license would have on the health, welfare, and safety of the general public.
(3) An application for a new license, an application for any transfer of interest in an existing license, or an application for a transfer of location of an existing license shall be denied if the commission is notified, in writing, that the application does not meet all appropriate state and local building, plumbing, zoning, fire, sanitation, and health laws and ordinances as certified to the commission by the appropriate law enforcement officials. The commission may accept a temporary or permanent certificate of occupancy for public accommodation issued by the appropriate officials as evidence of compliance with this subrule.

(4) The commission shall not issue a license to a municipally owned facility, except if the municipality is a co-licensee or if the license is issued to a concessionaire of the municipality.
History: 1954 ACS 94, Eff. Mar, 15, 1978; 1979 AC; 1985 MR 8, Eff. Aug. 22, 1985; 1995 MR 11, Eff. Dec. 16, 1995; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1109 Application for license by corporation; requirements.

Rule 9. (1) A corporation applying for a license shall file with the commission all of the following, as applicable:
(a) If incorporated outside of this state, a copy of its current articles of incorporation and a current certificate of good standing from the state of incorporation.
(b) If a Michigan corporation, a copy of the current articles of incorporation as approved by the corporation and securities bureau.
(c) A certified copy of the minutes of a meeting of its board of directors or an affidavit signed by an officer of the corporation naming the persons authorized by corporate resolution to sign the application and other documents required by the commission.
(d) An affidavit stating the identity of its current corporate officers and the members of the board of directors.
(e) An affidavit stating whether or not the corporation is a privately held corporation. If the corporation is a privately held corporation, then it shall also file with the commission an affidavit stating all of the following information:
(i) The number of shares of stock that it has issued.
(ii) To whom the stock was issued.
(iii) The amount of stock issued to each stockholder.
(iv) The date of the issuance of the stock.
(v) The individual certificate numbers of the stock issued.
(2) The commission shall not renew a license of a corporation unless the corporate charter is current.
(3) A corporate licensee applying for another license is required to meet the provisions of this rule only once if the licensee amends its filing to keep it current under this rule.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1110 Application for license by limited liability company; receipt of distributions by assignee of membership interest in company; approval for reorganization or realignment of company; transfer fee; notification of changes in managers, members, assignees, articles of organization, or operating agreement; investigation of company; company authorization to do business in state required.

Rule 10. (1) A limited liability company applying for a license shall file all of the following items with the commission, as applicable:
(a) If a foreign limited liability company, a copy of the certificate of authority issued by the Michigan department of consumer and industry services.
(b) If a domestic limited liability company, a copy of the articles of organization filed with the Michigan department of consumer and industry services.
(c) A copy of the operating agreement or agreements or bylaws entered into by the members under Act No. 23 of the Public Acts of 1993, being §450.4101 et seq. of the Michigan Compiled Laws.
(d) A copy of any amendments to its articles of organization.
(e) A copy of the most recent annual statement, if any, filed with the Michigan department of consumer and industry services.
(f) An affidavit stating the full name and address of its current members, managers, and assignees of membership interest.
(g) An affidavit signed by a manager of the limited liability company or by at least 1 member if management is reserved to the members naming the person authorized to sign the application and other documents required by the commission. If a foreign limited liability company, a person who has the authority to sign under the laws of the jurisdiction of its organization shall sign the affidavit and shall indicate the capacity in which the person signs the affidavit.

(2) An assignee of any membership interest in a licensed limited liability company shall not receive the distributions to which the assignor would be entitled, unless the assignee has received the prior written approval of the commission.
(3) Any reorganization or realignment of a limited liability company within a single licensing year that results in a transfer of more than 10% of the total
interest in the limited liability company is considered a transfer requiring prior approval of the commission under section 529 of Act No. 58 of the Public Acts of 1998, as amended, being §436.1529 of the Michigan Compiled Laws.
(4) A transfer, in the aggregate, of 50% or more of the total interest in a limited
liability company during any licensing year shall, upon approval by the commission, require the payment of a transfer fee in accordance with section 529 of Act No. 58 of the Public Acts of 1998, as amended, being §436.1529 of the Michigan Compiled Laws.
(5) A licensed limited liability company shall immediately notify the commission, in writing, of any change in any of the following:
(a) Managers.
(b) Members.
(c) Assignees of membership interest.
(d) Articles of organization.
(e) Operating agreement.
(6) The commission may investigate any transfer of interest in a limited liability company or any proposed member, manager, or assignee of membership interest in a limited liability company.
(7) A licensed limited liability company shall be authorized to do business under the laws of this state.
History: 1995 MR 11, Eff. Dec. 16, 1995; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1113 Wholesale license; minimum qualifications; corporate stock transfer.

Rule 13. (1) Before the issuance of a wholesale license, an applicant shall meet all of the following minimum qualifications, as applicable:
(a) The applicant shall hold the required basic permit issued under the federal alcohol administration act of 1935, 27 U.S.C., §201 et seq.
(b) If an individual, the applicant shall be of good moral character; if a partnership, each partner shall be of good moral character; if a limited liability company, each member shall be of good moral character; or if a privately held corporation, all stockholders, officers, and members of the board of directors shall be of good moral character.
(c) The applicant shall have facilities in which to store beer and wine on the licensed premises.
(d) If an individual, submit his or her fingerprints; if a partnership, submit the fingerprints of each partner; if a limited liability company, submit the fingerprints of each member and manager who owns 10% or more of the total interest of the limited liability company; or if a privately held corporation, submit the fingerprints of stockholders who own 10% or more of the corporate stock and the fingerprints of all officers.
(2) If a person who has not been fingerprinted by the commission applies to transfer to himself or herself 10% or more of the corporate stock, in the aggregate, of a privately held licensed wholesale corporation or 10% or more of the total interest, in the aggregate, of a wholesale limited liability company, then the commission shall investigate and fingerprint the person before the commission approves the stock transfer.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1115 Retail license; minimum qualifications; corporate stock transfer.

Rule 15. (1) Before the issuance of a retail license, an applicant shall meet both of the following minimum qualifications, if applicable:
(a) If an applicant is an individual, the applicant shall be of good moral character; if an applicant is a partnership, each partner shall be of good moral character; if an applicant is a limited liability company, each member shall be of good moral character; and if an applicant is a privately held corporation, all stockholders, officers, and members of the board of directors shall be of good moral character.
(b) If an applicant is an individual, he or she shall submit fingerprints; if an applicant is a partnership, other than a limited partnership, the applicant shall submit the fingerprints of each partner; if an applicant is a

limited partnership, the applicant shall submit the fingerprints of each general partner; if an applicant is a limited liability company, the applicant shall submit the fingerprints of each member and manager who owns 10% or more of the total interest of the limited liability company; and if an applicant is a privately held corporation, the applicant shall submit the fingerprints of those stockholders who own 10% or more of the corporate stock.
(2) If a person who is a stockholder in an applicant corporation and who has not been fingerprinted by the commission applies to transfer to himself or herself 10% or more of the corporate stock, in the aggregate, of a privately held licensed retail corporation, then the commission shall fingerprint and investigate the person before the commission grants approval of the stock transfer.
(3) If a person who is a member of a limited liability company and who has not been fingerprinted by the commission applies to transfer to himself or herself 10% or more of the total interest in the retail licensed limited liability company, then the commission shall fingerprint and investigate the person before the commission grants approval of the transfer of interest.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; 1979 ACS 3, Eff. June 19, 1980; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1117 Retail license; participating agreement.
Rule 17. (1) An applicant for a retail license or a retail licensee shall not enter into a participating agreement, except in either of the following situations:
(a) If the commission approves the participating agreement after a showing of good cause by the applicant.
(b) If the nonlicensee receives not more than 10% of the gross sales of the licensed business.
(2) The compensation included in a participating agreement may not be computed on the gross or net profits of the licensed business.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1119
Source: 1987 AACS.

R 436.1121 On-premises license; requirements.
Rule 21. (1) An applicant for an on-premises license, except for a special license, shall have a minimum down payment of 10% of the purchase price of the proposed licensed business, excluding the real estate and any alcoholic liquor. The commission may waive the down payment requirement upon a showing of good cause.
(2) All funds used in purchasing the proposed licensed business shall belong to the applicant individually and shall come from any of the following approved sources:
(a) Money accumulated by the applicant from legitimate and verifiable sources.
(b) Money derived from state or federally approved lending institutions.
(c) Gifts or loans, or both, derived from members of the applicant's immediate family, if the gifts or loans have come from other approved sources and the family member giving the gift or loan is of good moral character.
(d) Loans derived from the federal veterans administration.
(e) Any combination of the sources of funds specified in this subrule.
(f) Any other source approved by the commission after a showing of good cause by the applicant.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1123
Source: 1985 AACS.

R 436.1125
Source: 1985 AACS.

R 436.1129 Specially designated merchant license; issuance and transfer; limitation; waiver; applicability.

Rule 29. (1) For the issuance of a new, or the transfer of location of an existing, specially designated merchant license, all of the following are approved types of businesses:
(a) A grocery store.
(b) A party store.
(c) A food specialty store.
(d) A meat market.
(e) A delicatessen.
(f) A drugstore.
(g) A patent medicine store.
(h) A tobacconist.
(i) A florist.
(j) A department store that includes 1 or more of the stores listed in subdivisions (a) to (I) of this subrule.
(k) A specially designated distributor.
(l) A class C.
(m) A class B hotel.
(n) A club.
(o) A tavern.
(p) A class A hotel licensed establishment.
(2) The commission shall not issue a new, or transfer location of an existing, specially designated merchant license to an applicant operating an approved type of business who also holds, or a partner or stockholder of an applicant who holds, an interest, directly or indirectly, in a nonapproved type of business on, or contiguous to, the proposed licensed premises, unless 50% or more of the combined monthly gross sales of the approved and nonapproved businesses are of goods and services customarily marketed by the approved type of business. For the purposes of this subrule, combined monthly gross sales are sales exclusive of all taxes collected by a retailer on sales and are computed for an accounting period of not less than 180 consecutive days. The commission may approve an application under this rule subject to the condition that the applicant shall demonstrate compliance with this subrule at the end of the 180-day accounting period. The commission shall cancel the license if the licensee has failed to comply with the provisions of this subrule at the end of the 180-day accounting
period.
(3) The commission shall not issue a specially designated merchant license to any of the following entities and shall not allow any of the following entities to change the nature of an existing business that has a specially designated merchant license:
(a) An applicant who owns gasoline pumps which are at the same location as, which are operated in conjunction with, or which are a part of, the proposed licensed business.
(b) An applicant who holds any financial interest, directly or indirectly, in gasoline pumps in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, in conjunction with, or as a part of, the proposed licensed business.
(c) An applicant who holds any interest, directly or indirectly, by ownership in fee, leasehold, mortgage, or otherwise, in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, in conjunction with, or as a part of, the proposed licensed business.
(d) An applicant who holds any interest, directly or indirectly, through interlocking stock ownership in a corporation or through interlocking directors in a corporation engaged in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, in conjunction with, or as a part of, the proposed licensed business.
(e) An applicant at any location at which gasoline is sold or offered for sale by any person, whether or not the applicant has any interest or derives any profit from the sale.
(4) In a city, incorporated village, or township that has a population of 3,000 or fewer people, the commission may, in its discretion, waive the provisions of subrules (1), (2), and (3) of this rule if the applicant for a license has and maintains a minimum inventory on the premises, excluding alcoholic liquor, of not less than $10,000.00, at cost, of the goods and services customarily marketed by approved types of businesses. The commission shall accept the means prescribed in
R 436.1141(1) as a method for determining the population of a city, incorporated village, or township.

(5) In a township which is comprised of 72 square miles or more and which has a population of 7,000 or fewer people, the commission may, in its discretion, waive the provisions of subrule (3) of this rule if the applicant for a license has and maintains a minimum inventory on the premises, excluding alcoholic liquor, of not less than $10,000.00, at cost, of the goods and services customarily marketed by approved types of businesses.
(6) The commission shall not issue a specially designated merchant license to an applicant who operates a drive-in or drive-through establishment and shall not allow an applicant who operates a drive-in or drive-through establishment to change the nature of an existing business that has a specially designated merchant license.
(7) This rule does not apply to the renewal of an existing specially designated merchant license that is in operation before the effective date of this rule and does not apply to a new specially designated merchant license or the transfer of location of a specially designated merchant license conditionally approved by the commission before the effective date of this rule.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1954 ACS 96, Eff. June 23, 1978; 1979 AC; 1985 MR 2, Eff. Mar. 1, 1985; 1985 MR 5, Eff. June 18, 1985; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1131 Rescinded.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1133
Source: 1980 AACS.

R 436.1135 Specially designated distributor license; limitations upon issuance or transfer; waiver; applicability.
Rule 35. (1) For the issuance of a new, or the transfer of location of an existing, specially designated distributor license, all of the following are approved types of businesses:
(a) A grocery store.
(b) A party store.
(c) A food specialty store.
(d) A meat market.
(e) A delicatessen.
(f) A drugstore.
(g) A patent medicine store.
(h) A tobacconist.
(i) A florist.
(j) A department store that includes 1 or more of the stores listed in subdivisions (a) to (i) of this subrule.
(k) A hotel.
(2) The commission shall not issue a new, or transfer location of an existing, specially designated distributor license to an applicant operating an approved type of business who also holds, or a partner or stockholder of the applicant who holds, an interest, directly or indirectly, in a nonapproved type of business on, or contiguous to, the proposed licensed premises, unless 60% or more of the combined monthly gross sales of the approved and nonapproved businesses are of goods and services customarily marketed by the approved type of business. For the purposes of this subrule, combined monthly gross sales are exclusive of all taxes collected by a retailer on sales and are computed for an accounting period of not less than 180 consecutive days. The commission may approve an application under this rule subject to the condition that the applicant shall demonstrate compliance with this subrule at the end of the 180-day accounting period. The commission shall cancel the license if the licensee has failed to comply with the provisions of this subrule at the end of the 180-day accounting period.
(3) The commission shall not issue a specially designated distributor license to any of the following entities and shall not allow any of the following entities to change the nature of an existing business that has a specially designated distributor license:
(a) An applicant who owns gasoline pumps which are at the same location as,
which are operated in conjunction with, or which are a part of, the proposed licensed business.

(b) An applicant who holds any financial interest, directly or indirectly, in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, in conjunction with, or as a part of, the proposed licensed business.
(c) An applicant who holds any interest, directly or indirectly, by ownership in fee, leasehold, mortgage, or otherwise, in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, or in conjunction with, or as a part of, the proposed licensed business.
(d) An applicant who holds any interest, directly or indirectly, through interlocking stock ownership in a corporation or through interlocking directors in a corporation engaged in the establishment, maintenance, operation, or promotion of the sale of gasoline at the proposed location of, in conjunction with, or as a part of, the proposed licensed business.
(e) An applicant at any location at which gasoline is sold or offered for sale by any person, whether or not the applicant has any interest or derives any profit from the sale.
(4) In a city, incorporated village, or township that has a population of 3,000 or fewer people, the commission may, in its discretion, waive the provisions of subrules (1), (2) and (3) of this rule if the applicant for a license has and maintains a minimum inventory on the premises, excluding alcoholic liquor, of not less than $12,500.00, at cost, of the goods and services customarily marketed by approved types of businesses. The commission shall accept the means prescribed in R 436.1141(1) as a method for determining the population of a city, incorporated village, or township.
(5) Subrules (1), (2), (3), and (4) of this rule do not apply to the renewal of an existing specially designated distributor license in operation before the effective date of this rule and do not apply to a new specially designated distributor license or the transfer of location of a specially designated distributor license conditionally approved by the commission before the effective date of this rule.
(6) The commission shall not approve the transfer of location of a specially designated distributor license outside the governmental unit for which it was issued, except upon a showing of good cause by the applicant.
(7) Upon a showing of good cause by the applicant, the commission may, in its discretion, waive the quota restrictions of R 436.1141 if all of the following conditions are met:
(a) The applicant is in a city, incorporated village, or township that has a population of 3,000 or fewer people. The commission shall accept the means prescribed in R 436.1141(1) as a method for determining the population of a city, incorporated village, or township.
(b) The only existing specially designated distributor license is held in conjunction with a class A or class B hotel license.
(c) The commission may grant only 1 waiver of quota restrictions in a city, incorporated village, or township.
(8) The commission shall not issue a specially designated distributor license to an applicant who operates a drive-in or drive-through establishment and shall not allow the applicant to change the nature of an existing business that has a specially designated distributor license.
History: 1954 ACS 94, Eff. Mar. 15, 1978; 1954 ACS 96, Eff. June 23, 1978; 1979 AC; 1985 MR 2, Eff. Mar. 1, 1985; 1985 MR 5, Eff. June 18, 1985; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1142
Source: 1990 AACS.

R 436.1151
Source: 1997 AACS.

SPECIAL PERMITS FOR HOSPITALS AND INSTITUTIONS

R 436.1251
Source: 1981 AACS.

ADVERTISING

R 436.1301
Source: 1997 AACS.

R 436.1309
Source: 1989 AACS.

R 436.1313 Inside advertising signs and displays.

Rule 13. (1) Except as provided for in this rule, a retail licensee shall ensure that an advertising sign for alcoholic liquor that is used inside the licensee's premises is an unilluminated sign that does not have a total area of more than 3,500 square inches.

(2) The total area of any other sign that is attached to, or a necessary part of, a sign is included in the 3,500 square inches limitation.

(3) A sports/entertainment venue may utilize illuminated advertising signs and advertising signs that have a total area of more than 3,500 square inches in the arena area, concourse area, or private suite areas.

(4) Any of the following entities may provide and install illuminated advertising signs and advertising signs that have a total area of more than 3,500 square inches per sign inside the arena area, concourse area, or private suite areas of a sports/entertainment venue as defined by R 436.1001(r):

(a) A brewer.
(b) A microbrewer.
(c) A wine maker.
(d) A small wine maker.
(e) An outstate seller of beer.
(f) An outstate seller of wine.
(g) An outstate seller of mixed spirit drink.
(h) A manufacturer of spirits.
(i) A manufacturer of mixed spirit drink.
(j) A vendor of spirits.

History: 1954 ACS 84, Eff. Oct. 3, 1975; 1979 AC; 1994 MR 2, Eff. Feb. 18, 1994; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1315
Source: 1989 AACS.

R 436.1317
Source: 1992 AACS.

R 436.1327
Source: 1997 AACS.

R 436.1329
Source: 1994 AACS.

R 436.1333 Rescinded.

History: 1954 ACS 84, Eff. Oct. 3, 1975; 1979 AC; 1984 MR 3, Eff. Mar. 27, 1984; 1989 MR 1, Eff. Jan. 20, 1989; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1335 Political advertising.

Rule 35. (1) A licensee shall not display advertising that advocates the election of a person or political party on the inside or outside of a licensed premises, except as follows:

(a) An on-premises licensed establishment that is the site of a convention of delegates of a political party may have political advertising on the premises during the convention.

(b) An on-premises licensed establishment or location for which a special license has been issued may have political advertising on the premises during the time of
a fund-raising event for a candidate or established political party.

(2) Advertising related to ballot questions is not considered political advertising that is prohibited by this rule.

(3) Nominating, recall, initiative, and referendum petitions and petitions on other ballot questions are

allowed on the licensed premises.
(4) The term "political party" is defined in Section 11(4) of Act No. 388 of the Public Acts of 1976, as amended, being §169.211(4) of the Michigan Compiled Laws.
(5) The term "ballot question" is defined in Section 2(1) of Act No. 388 of the Public Acts of 1976, as amended, being §169.202(1) of the Michigan Compiled Laws.
History: 1954 ACS 84, Eff. Oct. 3, 1975; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1337
Source: 1997 AACS.

ON-PREMISES LICENSES

R 436.1401
Source: 1980 AACS.

R 436.1403
Source: 1980 AACS.

R 436.1405 Capacity of licensed premises.
Rule 5. (1) An on-premises licensee shall post, in a conspicuous place, a sign stating the total capacity of each public room of the licensed establishment, based upon the capacity established by the state or local authority having jurisdiction.
(2) If the capacity of the licensed establishment or any public room in the licensed establishment has not been determined by a state or local authority, then the total capacity of each room shall be determined as follows:
(a) If tables or booths are provided, then there shall be not more than 1 customer for each 15 square feet of total area.
(b) If tables or booths are not used, then there shall be not more than 1 customer for each 6 square feet of total area.
(c) If there is a combination of tables or booths and an open area, then the provisions of both subdivisions (a) and (b) of this subrule shall be used.
(d) If seating is provided at a bar, then there shall be not more than 1 seat for each 20 inches of bar length.
(3) An on-premises licensee shall not allow a public room of the licensed establishment to be occupied by more persons than are authorized by this rule.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1407 Temporary entertainment, dance, or dance-entertainment permits; approval.
Rule 7. The commission may issue up to 12 daily temporary dance, entertainment, or dance-entertainment permits to a licensee each calendar year upon written request of the licensee and approval of the chief law enforcement officer who has jurisdiction.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1979 ACS 16, Eff. Nov. 15, 1983; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1409
Source: 1980 AACS.

R 436.1411
Source: 1980 AACS.

R 436.1413
Source: 1980 AACS.

R 436.1415
Source: 1980 AACS.

R 436.1417
Source: 1980 AACS.

R 436.1419 Outdoor service without approval prohibited; requirements for outdoor service if approval is granted.

Rule 19. (1) An on-premises licensee shall not have outdoor service without the prior written approval of the commission.
(2) If approval for outdoor service is granted, then the on-premises licensee shall ensure that the outdoor service area is well-defined and clearly marked and the on-premises licensee shall not sell, or allow the consumption of, alcoholic liquor outdoors, except in the defined area.
(3) The commission may issue up to 12 daily temporary outdoor service permits to a licensee each calendar year upon written request of the licensee and approval of the chief law enforcement officer who has jurisdiction.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1421
Source: 1980 AACS.

R 436.1423
Source: 1980 AACS.

R 436.1425 Rest room facilities.

Rule 25. (1) An on-premises licensee shall provide separate rest rooms with flush toilets for each sex. An on-premises licensee shall ensure that each toilet is constructed to assure complete privacy. An on-premises licensee shall ensure that each rest room is easily accessible and does not have an entrance through a kitchen or living quarters.
(2) The local governing body shall determine the minimum number of rest room fixtures to be installed in a licensed establishment according to the local building codes as evidenced by a temporary or permanent certificate of occupancy for public accommodation.
(3) An on-premises licensee shall ensure that each rest room has all of the following:
(a) Soap.
(b) Toilet paper.
(c) A covered clean receptacle for accumulated waste.
(d) A sanitary method for drying hands.
(4) An on-premises licensee shall ensure that each of the rest rooms is kept in a clean and sanitary condition, including walls, floors, ceilings, and fixtures.
(5) An on-premises licensee shall ensure that rest rooms required by these rules are unlocked during business hours and are provided by the on-premises licensee without charge.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1990 MR 1, Eff. Jan. 19, 1990; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1427
Source: 1980 AACS.

R 436.1429 Rescinded.
History: 1979 ACS 4, Eff. Feb. 3, 1981; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1431
Source: 1980 AACS.

R 436.1433
Source: 1980 AACS.

R 436.1435 Contests; tournaments.

Rule 35. (1) An on-premises licensee shall not allow contests in which the licensee or any other person

gives away anything of value over $250.00 per day, except upon written order of the commission, and shall not accept or retain anything of value from a person in exchange for sponsoring or promoting a contest or tournament.
(2) An on-premises licensee shall not allow a contest or tournament of any kind in which the sale, use, or consumption of alcoholic liquor is a necessary part of the contest or tournament or in which alcoholic liquor is given as a prize to the participants of the contest or tournament.
(3) An on-premises licensee shall not allow a promotion on the licensed premises in which anything of value over $250.00 per day or any alcoholic liquor is given away without adequate and appropriate consideration, except as provided in this rule or upon written order of the commission. An on-premises licensee shall not accept or retain anything of value from a person in exchange for sponsoring a promotion, except upon written order of the commission.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1437 Specific purpose permit.
Rule 37. (1) If all of the following criteria are met, the commission may issue, to an on-premises licensee, a specific purpose permit that allows the licensee to have the premises occupied by customers at times other than the legal hours for sale and consumption:
(a) The licensee has a business that necessitates the establishment being occupied by customers at times other than the legal hours for consumption of alcoholic liquor.
(b) The establishment is equipped with a full-service kitchen, provides rooms for the lodging of guests, or provides recreational facilities that are owned by the licensee on or adjacent to the licensed establishment. This subdivision may be waived by the commission upon a showing of good cause by the licensee.
(c) The commission may issue up to 12 daily temporary specific purpose permits to a licensee each calendar year upon written request of the licensee and approval of the chief law enforcement officer who has jurisdiction.
(2) An on-premises licensee who is issued a specific purpose permit shall not allow customers on the licensed premises during the time period provided by the specific purpose permit, unless the activity, and only that activity, allowed by the specific purpose permit is occurring.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1438
Source: 1985 AACS.

OFF-PREMISES LICENSES

R 436.1501
Source: 1980 AACS.

R 436.1503
Source: 1981 AACS.

R 436.1505
Source: 1980 AACS.

R 436.1507
Source: 1980 AACS.

R 436.1509 Rescinded.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 1984 MR 10, Eff. Nov. 14, 1984; 1991 MR 10, Eff. Nov. 8, 1991; rescinded. 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1511 Open containers on licensed premises prohibited; exception; consumption of liquor on licensed premises prohibited; exception.
Rule 11. (1) An off-premises licensee who is not licensed as an on-premises licensee shall not have any

open containers of alcoholic liquor on the licensed premises, except for the following:
(a) A defective or sample bottle or can.
(b) A returnable container returned by a customer of the off-premises licensee for a refund of the deposit on the container.
(c) A bottle or can containing alcoholic liquor to be used in the preparation of bakery or deli items by the employees of the off-premises licensee who also holds a Michigan department of agriculture food establishment license, if all of the following conditions are met:
(i) The alcoholic liquor is used exclusively in the preparation of food products that are cooked or baked before consumption and, at the point of consumption, have an alcoholic content of less than ½ of 1%.
(ii) The bottle or can is resealed and stored in a locked, separate storage compartment within the food preparation area when the contents are not being used in food preparation.
(iii) The off-premises licensee maintains a clearly defined food preparation area on the licensed premises of not less than 500 square feet.
(iv) The off-premises licensee has obtained the approval of the commission for the use of alcoholic liquor in the preparation of food on the licensed premises.
(2) An off-premises licensee who is not licensed as an on-premises licensee shall not allow the consumption of alcoholic liquor on the licensed premises, except for the consumption of alcoholic liquor in sample bottles or cans. Only an off-premises licensee, or the clerk, servant, agent, or employee of the off-premises licensee, may consume the contents of a sample bottle or can on the licensed premises.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1513
Source: 1980 AACS.

R 436.1515
Source: 1980 AACS.

R 436.1517
Source: 1980 AACS.

R 436.1519
Source: 1980 AACS.

R 436.1521
Source: 1980 AACS.

R 436.1523 Allowing consumption on licensee's property adjacent to licensed premises prohibited.

Rule 23. An off-premises licensee shall not knowingly allow a person to consume alcoholic liquor on property which is owned, leased, or possessed by the licensee and which is adjacent to the licensed premises.
History: 1979 ACS 4, Eff. Feb. 3, 1981; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1525
Source: 1980 AACS.

R 436.1527
Source: 1980 AACS.

R 436.1529
Source: 1980 AACS.

R 436.1531 Return of alcoholic liquor product.

Rule 31. An off-premises licensee may accept from a customer, for a cash refund or exchange, an alcoholic liquor product purchased by the customer from the off-premises licensee if the product is demonstrably spoiled or contaminated or the container damaged to the extent that the contents would likely be of an unsanitary nature or unfit for consumption and if the

returned product is not resold and is removed from the licensed premises as soon as practicable, but not more than 14 days after its return.
History: 2000 MR 3, Eff. Mar. 20, 2000.

BEER

R 436.1601
Source: 1989 AACS.

R 436.1603
Source: 1997 AACS.

R 436.1605
Source: 1989 AACS.

R 436.1607
Source: 1989 AACS.

R 436.1609
Source: 1989 AACS.

R 436.1611 Labels and advertising.

Rule 11. (1) The sale of beer is prohibited in this state unless all of the following provisions are complied with:
(a) The beer is packaged, marked, branded, and labeled in accordance with these rules.
(b) The beer label truthfully describes the contents of the container in accordance with these rules and the federal alcohol administration act of 1935, 27 U.S.C., §201 et seq., and the regulations thereunder, being 27 C.F.R. part 7, subpart C. The provisions of 27 C.F.R. part 7, subpart C, are adopted by reference in these rules. Copies of the adopted provisions may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington DC, 20402. The cost at the time of adoption of these rules is $49.00. Copies of these provisions may also be obtained from the Liquor Control Commission, Department of Consumer and Industry Services, Secondary Complex, 7150 Harris Drive, P.O. Box 30005, Lansing, Michigan 48909, at a cost as of the time of adoption of these rules of $55.00 each.
(c) The beer has received a registration number from the commission and has been approved for sale by the commission.
(d) The commission may disapprove any beer label submitted for registration that is deemed to promote violence, racism, sexism, intemperance, or intoxication or to be detrimental to the health, safety, or welfare of the general public.
(2) A brewer, outstate seller of beer, or wholesaler responsible for labeling shall furnish proof, upon request, that valid certificates of approval for the label have been obtained from the United States bureau of alcohol, tobacco, and firearms and are unrevoked under the provisions of the federal labeling requirements.
(3) A retail licensee shall place a removable tap marker or sign on a draft beer dispenser. The cost of a tap marker or sign is subject to commission orders.
History: 1954 ACS 72, Eff. Aug. 2, 1972; 1979 AC; 1989 MR 9, Eff. Oct. 4, 1989; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1613 Gifts of beer and consumption on licensed premises.

Rule 13. (1) A manufacturer may give away beer only for consumption on the licensed premises.
(2) A wholesaler shall not give away beer or allow consumption of beer on the licensed premises.
(3) A tap room maintained by a brewer who is not a microbrewer for dispensing or serving alcoholic beverages shall be closed to the public at 2 a.m. daily and shall not open before 7 a.m. the following day or before noon on Sunday.
History: 1954 ACS 72, Eff. Aug. 2, 1972; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1615
Source: 1989 AACS.

R 436.1617
Source: 1989 AACS.

R 436.1621
Source: 1989 AACS.

R 436.1623
Source: 1997 AACS.

R 436.1631
Source: 1989 AACS.

R 436.1632
Source: 1989 AACS.

R 436.1635
Source: 1989 AACS.

R 436.1641
Source: 1989 AACS.

R 436.1643
Source: 1997 AACS.

R 436.1651 Prohibited acts.

Rule 51. (1) A licensee shall not fail, neglect, or refuse to make a report required by these rules. A licensee shall not refuse to permit commission representatives to examine any of the following:
(a) The licensee's books.
(b) Federal tax stamps.
(c) Records.
(d) Invoices.
(e) Other papers pertaining to the licensee's books, federal tax stamps, records, or invoices.
(f) Any stock of beer in the licensee's possession or custody.
A licensee shall not make an incomplete, false, or fraudulent report or do anything to avoid a full disclosure of the amount of beer subject to tax.
(2) A licensee shall not falsely label a container in which beer is placed for sale, use or give a false or fictitious name, use or give a false or fictitious address in an application or form required by these rules, or otherwise commit a fraud in an application, record, or report.
(3) A licensee shall not engage in tied-in sales of beer, wine, beer and wine, or any alcoholic liquor with any non-alcoholic product sold by the licensee.
History: 1954 ACS 72, Eff. Aug. 2, 1972; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

WINES

R 436.1701
Source: 1997 AACS.

R 436.1705
Source: 1990 AACS.

R 436.1708 Manufacturing wine under federal wine regulations.

Rule 8. (1) A manufacturer shall manufacture wine under the federal wine regulations published in 27 C.F.R. part 24, §§24.1 to 24.323, of 1935, as amended, which are adopted in these rules by reference. Copies of the adopted provisions may be obtained from the Superintendent of Documents, United States

Government printing office, Washington, DC 20402. The cost at the time of adoption of these rules is $49.00. Copies of these provisions may also be obtained from the Liquor Control Commission, Department of Consumer and Industry Services, Secondary Complex, 7150 Harris Drive, P.O. Box 30005, Lansing, Michigan 48909, at a cost of $55.00 each.
(2) Substandard, imitation base, or nonstandard wine may be sold in this state by written order of the commission.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1954 ACS 85, Eff. Nov. 6, 1975; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1714 Rescinded.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1717 Restraining orders; record.
Rule 17. (1) If wine has not been manufactured in accordance with R 436.1708, then the commission may issue a written order restraining a wine manufacturer from selling, offering for sale, using for blending purposes, or otherwise using the wine, whether it is in the finished state or in the course of manufacture. The order shall remain in force until rescinded or otherwise disposed of by the commission.
(2) A manufacturer shall keep a complete record, on forms prescribed by the commission, of all wines manufactured.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1979 AC; 1979 ACS 1, Eff. Jan. 1, 1980; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1719 Requirements for sale of bottled wine.
Rule 19. (1) Bottled wine shall not be offered for sale, kept for sale, sold, delivered, or otherwise introduced into this state unless all of the following provisions have been complied with:
(a) The wine is bottled, packaged, marked, branded, and labeled under these rules.
(b) The wine label truthfully describes the contents of the container in accordance with these rules and the federal wine regulations published in 27 C.F.R. part 4, subpart D, §§4.1 to 4.80, of 1935, as amended, which are adopted in these rules by reference. Copies of the adopted provisions may be obtained from the Superintendent of Documents, United States Government printing office, Washington, DC 20402. The cost at the time of adoption of these rules is $49.00. Copies of these provisions may also be obtained from the Liquor Control Commission, Department of Consumer and Industry Services, Secondary Complex, 7150 Harris Drive, P.O. Box 30005, Lansing, Michigan 48909, at a cost of $55.00 each.
(c) The wine has received a registration number of approval from the commission.
(2) The commission reserves the right to disapprove any wine label submitted for registration that is deemed to promote violence, racism, sexism, intemperance or intoxication or to be detrimental to the health, safety, or welfare of the general public.
(3) Bottled wine shall not be shipped, delivered, or otherwise introduced into this state unless it is accompanied by an invoice, manifest, or other shipping document listing the quantity of bottled wine, by brand name and corresponding registration number of approval, that is being shipped, delivered, or introduced into this state.
(4) A manufacturer, rectifier, or outstate seller of wine who is responsible for labeling shall furnish proof, upon request, that valid certificates of approval for the label have been obtained from, and are unrevoked under, the federal labeling requirements as published in 27 C.F.R. part 4, subpart D, §§4.1 to 4.80, of 1935, as amended.
(5) A shipment of bottled wine from a manufacturer or an outstate seller of wine shall be made only to a licensed wholesaler at the address of the licensed premises, except upon written order of the commission.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1954 ACS 85, Eff. Nov. 6, 1975; 1954 ACS 89, Eff. Oct. 2, 1976; 1979 AC; 2000 MR 3 , Eff. Mar. 20, 2000.

R 436.1720
Source: 1989 AACS.

R 436.1722

Source: 1980 AACS.

R 436.1723
Source: 1997 AACS.

R 436.1723a
Source: 1989 AACS.

R 436.1725
Source: 1989 AACS.

R 436.1726
Source: 1983 AACS.

R 436.1731 Rescinded.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1979 AC; rescinded 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1735 Prohibited acts.
Rule 35. (1) A licensee shall not fail, neglect, or refuse to submit a report required by these rules or submit a false or incomplete report required by these rules.
(2) A licensee shall not refuse to permit a commission representative to examine the wine books, records, invoices, or other papers kept by the licensee in regard to the licensed business.
(3) A licensee shall not falsely label a container in which wine is placed for sale, use or give a false or fictitious address in an application or form required by these rules, or otherwise make a material misrepresentation in an application, record, or report.
(4) A licensee shall not engage in tied-in sales of beer, wine, or beer and wine.
(5) Bottled wine or wine containers shall not be returned to a wholesaler or manufacturer, except as provided by written order of the commission.
(6) A wine room maintained by a manufacturer, as defined in Section 109(1) of Act No. 58 of the Public Acts of 1998, being §436.1109(1) of the Michigan Compiled Laws, for dispensing or serving alcoholic beverages shall be closed to the public at 2 a.m. daily and shall not open before 7 a.m. the following day or before noon on Sunday.
History: 1954 ACS 64, Eff. Sept. 1, 1970; 1954 ACS 89, Eff. Oct. 2, 1976; 1979 AC; 1985 MR 4, Eff. May 10, 1985; 2000 MR 3, Eff. Mar. 20, 2000.

SPIRITS

R 436.1802 Authorized distribution agents generally.
Rule 2. (1) As used in this rule, “authorized distribution agent” means a person who has entered into a contractual relationship with 1 or more manufacturers or suppliers of spirits or with another authorized distribution agent for warehousing or distribution, or both, of spirits and who has been certified, in writing, by the commission, to act as the commission's agent for the warehousing and distribution of spirits to retail licensees of the commission.
(2) A person shall apply for certification as an authorized distribution agent to the commission in Lansing on forms, and in the manner, approved by the commission.
(3) An applicant for certification as an authorized distribution agent shall provide both of the following to the commission:
(a) A technical plan for the importation, transportation, warehousing, and delivery of spirits in this state.
(b) Any information or documentation required by the commission relating to the honesty and integrity of any applicant or any principal in the corporation, company, association, limited liability company, or partnership applying for certification as an authorized distribution agent.
(4) An authorized distribution agent or prospective authorized distribution agent shall maintain, and make available to the commission or its representative upon being given notice, any contract or written agreement or proposed contract or written agreement that the authorized distribution agent or prospective authorized

distribution agent may have with a manufacturer, supplier of spirits, or other authorized distribution agent for the importation, warehousing, delivery, or sale of spirits in this state.

(5) An authorized distribution agent shall maintain an adequate physical plant and proper equipment to perform the functions for which the authorized distribution agent is certified.

(6) The commission may inspect, during normal business hours, any facility or equipment used in conjunction with the business of an authorized distribution agent or applicant for certification as an authorized distribution agent.

(7) An authorized distribution agent or prospective authorized distribution agent shall make available, for inspection by the commission and its representatives, all financial and accounting records pertinent to the operation of the authorized distribution agent or prospective authorized distribution agent.

(8) An authorized distribution agent shall maintain, at its expense, insurance approved by the commission to protect against claims resulting from business operations or activities, including insurance on alcoholic beverages in storage or transit.

(9) An authorized distribution agent shall obtain and maintain a blanket bond payable to the state of Michigan in an amount equal to the risk of loss to the state as determined by the commission.

(10) An authorized distribution agent shall not have a direct or indirect interest in a retail alcoholic beverage license issued by the state of Michigan as enumerated in section 537 of Act No. ~~8~~ 58 of the Public Acts of 1998, as amended, being §436.1537 of the Michigan Compiled Laws.

(11) An authorized distribution agent may not subcontract any of the business functions or activities specified in the agent's contract or agreement with the manufacturer or supplier of spirits without the prior written consent of the commission and certification of the subcontractor as an authorized distribution agent of the commission.

(12) The commission may rescind the certification of an authorized distribution agent who fails to comply with any and all federal, state, or local codes, laws, ordinances, rules, or regulations applicable to the agent's operations or fails to comply with Act No. ~~8~~ 58 of the Public Acts of 1998, as amended, being §436.1101 et seq. of the Michigan Compiled Laws, commission rules, certification requirements, or commission order, including an order that establishes further business operating procedures for authorized distribution agents.

(13) Certification of an authorized distribution agent shall terminate automatically and without any act of the commission if the contract or agreement between the authorized distribution agent and the manufacturer or supplier of spirits or another authorized distribution agent expires or is terminated. Certification shall also terminate automatically upon modification of the system of warehousing and distribution of spirits by the legislature or the commission that eliminates the need for the authorized distribution agent certification.

(14) The commission may, by order, establish further business operating procedures for authorized distribution agents relative to the wholesaling and distribution of spirits.

History: 1996 MR 8, Eff. Sep. 12, 1996; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1825 Adoption by reference of federal standards of identity for spirits.

Rule 25. The federal standards of identity, published at 27 C.F.R. part 5, subpart C, §§5.21 to 5.23, of 1935, as amended, are adopted by reference in these rules as the standards of identity for the classes and types of bottled spirits. The standards may be purchased from the Superintendent of Documents, United States Government Printing Office, Washington, DC 20402, at a cost at the time of adoption of these rules of $49.00, or may be obtained from the Liquor Control Commission, Department of Consumer and Industry Services, Secondary Complex, 7150 Harris Drive, P.O. Box 30005, Lansing, Michigan 48909, at a cost as of the time of adoption of these rules of $55.00 each. The commission may establish other standards by written order.

History: 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1827 Adoption by reference of federal distilled spirit regulations.

Rule 27. A manufacturer of spirits shall manufacture spirits under the federal distilled spirit regulations published at 27 C.F.R. part 19, §§19.1 to 19.792, of 1935, as amended, which are adopted in these rules by reference. Copies of the adopted provisions may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington, DC 20402, at a cost as of the time of adoption of these rules

of $49.00. Copies of these provisions may also be obtained from the Liquor Control Commission, Department of Consumer and Industry Services, Secondary Complex, 7150 Harris Drive, P.O. Box 30005, Lansing, Michigan 48909, at a cost as of the time of adoption of these rules of $55.00 each.
History: 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1829 Labels and advertising.

Rule 29. (1) The sale of spirits is prohibited in this state unless all of the following provisions are complied with:
(a) The spirit is packaged, marked, branded, and labeled in accordance with these rules.
(b) The spirit label truthfully describes the contents of the container in accordance with these rules and the federal distilled spirit regulations published at 27 C.F.R. part 5, subpart C, of 1935, as amended, which are adopted by reference in R 436.1825.
(c) A vendor of spirits shall furnish proof upon request that a valid certificate of approval for the label has been obtained and is unrevoked under the federal labeling requirements at 27 C.F.R. part 5, subpart C, of 1935, as amended, which are adopted by reference in R 436.1825.
(d) The commission has issued a registration number of approval for the spirits.
(2) The commission reserves the right to disapprove any spirit label submitted for registration, which is deemed to promote violence, racism, sexism, intemperance, or intoxication or to be detrimental to the health, safety, or welfare of the general public.
History: 2000 MR 3, Eff. Mar. 20, 2000.

VENDOR REPRESENTATIVE AND SALESMEN

R 436.1851

Source: 1997 AACS.

R 436.1853 Licenses.

Rule 53. (1) A vendor of spirits, manufacturer of beer, manufacturer of wine, outstate seller of beer, outstate seller of wine, or wholesaler shall not employ a person to sell, deliver, promote, or otherwise assist in the sale of, alcoholic liquor in this state unless the person is licensed by the commission as a vendor representative or salesperson and issued an identification card.
(2) The commission shall set the license fee for a vendor representative or salesperson by written order. A license is renewable on May 1, 1975, and every 3 years thereafter.
(3) The commission shall set the license fee for a broker by written order. A license fee for a broker shall be the same as for a salesperson license.
(4) A person shall not sell alcoholic liquor to the commission unless represented by a licensed vendor representative.
(5) A vendor representative shall obtain a separate license for each vendor of spirits represented.
(6) A person shall be not less than 18 years of age before being issued a license.
(7) This rule does not require a driver helper to be licensed as a salesperson if the driver helper is accompanied by a licensed salesperson and is assisting the licensed salesperson only in the delivery of alcoholic beverage product.
History: 1954 ACS 83, Eff. May 2, 1975; 1979 AC; 1979 ACS 11, Eff. June 30, 1982; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1859 Prohibited acts.

Rule 59. (1) A vendor representative, salesperson, or driver helper shall not do any of the following::
(a) Grant, allow, pay, or rebate cash or any other thing of value to a licensee or an agent, clerk, or employee of a licensee, except upon written order of the commission.
(b) Purchase or deliver spirits to retail licensees, except for a salesperson or driver helper who delivers spirits in the normal course of his or her duties for an authorized distribution agent.
(c) Deliver beer or wine to retail licensees in vehicles not approved by the commission.

(d) Be employed by a retail licensee on a paid or any other basis.
(e) Furnish entertainment or a gratuity of any kind to commission employees. The word "entertainment" does not include normal business meals.
(2) A licensee employed to deliver alcoholic liquor shall not consume alcoholic liquor while on duty or in the course of employment.
(3) A vendor representative or salesperson shall not advise a licensee on commission rules or the liquor control code, being Act No. 58 of the Public Acts of 1998, as amended, being §436.1101 et seq. of the Michigan Compiled Laws.
History: 1954 ACS 83, Eff. May 2, 1975; 1979 AC; 2000 MR 3, Eff. Mar. 20, 2000.

R 436.1861
Source: 1985 AACS.

HEARING AND APPEAL PRACTICE

R 436.1909
Source: 1988 AACS.

R 436.1913
Source: 1995 AACS.

FINANCIAL RESPONSIBILITY

R 436.2001
Source: 1988 AACS.

R 436.2003
Source: 1988 AACS.

R 436.2005
Source: 1988 AACS.

R 436.2007
Source: 1988 AACS.

R 436.2009
Source: 1988 AACS.

R 436.2011
Source: 1988 AACS.

R 436.2013
Source: 1988 AACS.

R 436.2015
Source: 1988 AACS.

R 436.2017
Source: 1988 AACS.

R 436.2019
Source: 1988 AACS.

R 436.2021
Source: 1988 AACS.

FINANCIAL INSTITUTIONS BUREAU

MORTGAGE AND HOME IMPROVEMENT LENDING PRACTICES

R 445.1001
Source: 1995 AACS.

R 445.1002
Source: 1995 AACS.

R 445.1003
Source: 1997 AACS.

R 445.1004
Source: 1995 AACS.

R 445.1005
Source: 1995 AACS.

R 445.1006
Source: 1997 AACS.

R 445.1007
Source: 1997 AACS.

R 445.1008
Source: 1997 AACS.

R 445.1009
Source: 1997 AACS.

R 445.1010
Source: 1997 AACS.

R 445.1011
Source: 1995 AACS.

R 445.1012
Source: 1997 AACS.

R 445.1013
Source: 1997 AACS.

R 445.1014
Source: 1997 AACS.

R 445.1015
Source: 1997 AACS.

R 445.1016
Source: 1997 AACS.

R 445.1017
Source: 1997 AACS.

R 445.1018
Source: 1997 AACS.

R 445.1019

Source: 1997 AACS.

R 445.1020
Source: 1997 AACS.

R 445.1021
Source: 1997 AACS.

R 445.1022
Source: 1995 AACS.

R 445.1023
Source: 1997 AACS.

R 445.1024
Source: 1995 AACS.

R 445.1025
Source: 1997 AACS.

R 445.1026
Source: 1997 AACS.

R 445.1027
Source: 1997 AACS.

R 445.1028
Source: 1997 AACS.

R 445.1029
Source: 1997 AACS.

R 445.1030
Source: 1995 AACS.

R 445.1031
Source: 1997 AACS.

R 445.1032
Source: 1997 AACS.

R 445.1033
Source: 1997 AACS.

R 445.1034
Source: 1997 AACS.

R 445.1035
Source: 1995 AACS.

R 445.1036
Source: 1995 AACS.

R 445.1037
Source: 1995 AACS.

R 445.1038
Source: 1997 AACS.

DEPARTMENT OF TREASURY

REVENUE DIVISION

CORPORATION TAX APPEAL BOARD

PRACTICE AND PROCEDURE

R 450.51—R 450.73
Source: 1997 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

MANUFACTURING DEVELOPMENT GROUP

EMPLOYEE-OWNED CORPORATION REVOLVING LOAN FUND

R 450.801
Source: 1987 AACS.

R 450.802
Source: 1987 AACS.

R 450.803
Source: 1987 AACS.

R 450.804
Source: 1987 AACS.

R 450.805
Source: 1987 AACS.

R 450.806
Source: 1987 AACS.

R 450.807
Source: 1987 AACS.

R 450.808
Source: 1987 AACS.

R 450.809
Source: 1987 AACS.

R 450.810
Source: 1987 AACS.

OFFICE OF DIRECTOR

RESIDENTIAL BUILDING CONTRACTORS' DIVISION

R 451.501—R 451.538
Source: 1997 AACS.

DIRECTOR'S OFFICE

SECURITIES

PART 1. PROHIBITED PRACTICES

R 451.601.0
Source: 1997 AACS.

PART 2. REGISTRATION OF BROKER-DEALERS, AGENTS, AND INVESTMENT ADVISORS

R 451.601.2
Source: 1991 AACS.

R 451.601.4
Source: 1982 AACS.

R 451.602.1
Source: 1980 AACS.

R 451.602.2
Source: 1983 AACS.

R 451.602.3
Source: 1980 AACS.

R 451.602.4
Source: 1991 AACS.

R 451.602.5
Source: 1997 AACS.

R 451.602.5a
Source: 1997 AACS.

R 451.602.6
Source: 1980 AACS.

R 451.602.9
Source: 1997 AACS.

R 451.602.10
Source: 1997 AACS.

R 451.602.11
Source: 1997 AACS.

R 451.602.12
Source: 1997 AACS.

R 451.602.13
Source: 1997 AACS.

R 451.602.14
Source: 1997 AACS.

R 451.603.4
Source: 1983 AACS.

R 451.603.5
Source: 1980 AACS.

R 451.604.1
Source: 1983 AACS.

R 451.604.2
Source: 1980 AACS.

R 451.604.3
Source: 1980 AACS.

R 451.604.4
Source: 1997 AACS.

R 451.605.1
Source: 1997 AACS.

R 451.605.2
Source: 1983 AACS.

PART 3. REGISTRATION OF SECURITIES

R 451.705.2
Source: 1997 AACS.

R 451.705.5
Source: 1997 AACS.

R 451.705.6
Source: 1980 AACS.

R 451.705.7
Source: 1983 AACS.

R 451.706.3
Source: 1997 AACS.

R 451.706.5
Source: 1997 AACS.

R 451.706.6
Source: 1997 AACS.

R 451.706.7
Source: 1997 AACS.

R 451.706.8
Source: 1983 AACS.

R 451.706.9—R 451.706.23
Source: 1997 AACS.

R 451.706.24
Source: 1981 AACS.

R 451.706.25
Source: 1981 AACS.

R 451.706.26
Source: 1983 AACS.

PART 4. GENERAL PROVISIONS

R 451.801.1
Source: 1980 AACS.

R 451.801.3

Source: 1980 AACS.

R 451.801.4
Source: 1981 AACS.

R 451.801.5
Source: 1997 AACS.

R 451.802.1
Source: 1997 AACS.

R 451.802.2
Source: 1980 AACS.

R 451.802.3
Source: 1997 AACS.

R 451.803.1
Source: 1997 AACS.

R 451.803.2
Source: 1980 AACS.

R 451.803.3
Source: 1980 AACS.

R 451.803.4
Source: 1980 AACS.

R 451.803.5
Source: 1980 AACS.

R 451.803.6
Source: 1997 AACS.

R 451.803.7
Source: 1991 AACS.

R 451.803.8
Source: 1993 AACS.

R 451.803.9
Source: 1993 AACS.

R 451.803.10
Source: 1993 AACS.

R 451.803.11
Source: 1993 AACS.

R 451.812.2
Source: 1980 AACS.

R 451.813.1
Source: 1997 AACS.

R 451.818.1
Source: 1982 AACS.

DEBT MANAGEMENT

R 451.1222
Source: 1985 AACS.

R 451.1224
Source: 1997 AACS.

CONDOMINIUMS

R 451.1301—R 451.1387
Source: 1997 AACS.

PROCEDURAL RULES

PART 1. GENERAL PROVISIONS

R 451.2101
Source: 1983 AACS.

R 451.2102
Source: 1983 AACS.

R 451.2103
Source: 1983 AACS.

PART 2. BUREAU ORGANIZATION

R 451.2201
Source: 1983 AACS.

R 451.2202
Source: 1983 AACS.

R 451.2203
Source: 1983 AACS.

PART 3. INTERPRETATIVE OPINIONS AND DECLARATORY RULINGS

R 451.2301
Source: 1983 AACS.

R 451.2302
Source: 1983 AACS.

R 451.2303
Source: 1983 AACS.

R 451.2304
Source: 1983 AACS.

PART 4. OPPORTUNITY TO SHOW COMPLIANCE

R 451.2401
Source: 1983 AACS.

R 451.2402

Source: 1983 AACS.

R 451.2403
Source: 1983 AACS.

R 451.2404
Source: 1983 AACS.

R 451.2405
Source: 1983 AACS.

R 451.2406
Source: 1983 AACS.

R 451.2407
Source: 1983 AACS.

R 451.2408
Source: 1983 AACS.

PART 5. COMMENCEMENT OF PROCEEDINGS AND CONTESTED CASES

R 451.2501
Source: 1983 AACS.

R 451.2502
Source: 1983 AACS.

R 451.2503
Source: 1983 AACS.

R 451.2504
Source: 1983 AACS.

R 451.2505
Source: 1983 AACS.

R 451.2506
Source: 1983 AACS.

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Source: 1983 AACS.

R 451.2508
Source: 1983 AACS.

R 451.2509
Source: 1983 AACS.

R 451.2510
Source: 1983 AACS.

R 451.2511
Source: 1983 AACS.

PART 6. PLEADINGS, MOTION PRACTICE, AND INTERVENTION

R 451.2601
Source: 1983 AACS.

R 451.2602
Source: 1983 AACS.

R 451.2603
Source: 1983 AACS.

R 451.2604
Source: 1983 AACS.

R 451.2605
Source: 1983 AACS.

R 451.2606
Source: 1983 AACS.

R 451.2607
Source: 1983 AACS.

R 451.2608
Source: 1983 AACS.

R 451.2609
Source: 1983 AACS.

R 451.2610
Source: 1983 AACS.

R 451.2611
Source: 1983 AACS.

R 451.2612
Source: 1983 AACS.

R 451.2613
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R 451.2614
Source: 1983 AACS.

R 451.2615
Source: 1983 AACS.

R 451.2616
Source: 1983 AACS.

R 451.2617
Source: 1983 AACS.

R 451.2618
Source: 1983 AACS.

PART 7. JOINT AND CONSOLIDATED PROCEEDINGS

R 451.2701
Source: 1983 AACS.

R 451.2702
Source: 1983 AACS.

PART 9. PREHEARING CONFERENCE

R 451.2901
Source: 1983 AACS.

R 451.2902
Source: 1983 AACS.

R 451.2903
Source: 1983 AACS.

R 451.2904
Source: 1983 AACS.

R 451.2905
Source: 1983 AACS.

PART 10. CONDUCT OF HEARINGS

R 451.3001
Source: 1983 AACS.

R 451.3002
Source: 1983 AACS.

R 451.3003
Source: 1983 AACS.

R 451.3004
Source: 1983 AACS.

R 451.3005
Source: 1983 AACS.

R 451.3006
Source: 1983 AACS.

R 451.3007
Source: 1983 AACS.

R 451.3008
Source: 1983 AACS.

R 451.3009
Source: 1983 AACS.

R 451.3010
Source: 1983 AACS.

R 451.3011
Source: 1983 AACS.

PART 12. DECISIONS

R 451.3201

Source: 1983 AACS.

R 451.3202
Source: 1983 AACS.

R 451.3203
Source: 1983 AACS.

R 451.3204
Source: 1983 AACS.

PART 13. PRESIDING OFFICER

R 451.3301
Source: 1983 AACS.

R 451.3302
Source: 1983 AACS.

R 451.3303
Source: 1983 AACS.

R 451.3304
Source: 1983 AACS.

R 451.3305
Source: 1983 AACS.

PART 14. MISCONDUCT BY ATTORNEYS, AUTHORIZED REPRESENTATIVES, AND PARTIES

R 451.3401
Source: 1983 AACS.

PART 15. PUBLIC HEARINGS

R 451.3501
Source: 1983 AACS.

R 451.3502
Source: 1983 AACS.

R 451.3503
Source: 1983 AACS.

DIRECTOR'S OFFICE

CEMETERIES

PART 2. PERMITS, REGISTRATIONS, LICENSES, AND RECORDS

R 456.122
Source: 1997 AACS.
R 456.135 Rescinded.
History: 1954 ACS 63, Eff. Aug. 14, 1970; 1979 AC; rescinded 1998 MR 5, Eff. June 13, 1998.

PART 4. CASKETS, EARTH BURIALS, ENTOMBMENTS, AND CREMATIONS

R 456.141 Rescinded.
History: 1954 ACS 63, Eff. Aug. 14, 1970; 1979 AC; rescinded 1998 MR 5, Eff. June 13, 1998.

R 456.142 Rescinded.
History: 1954 ACS 63, Eff. Aug. 14, 1970; 1979 AC; rescinded 1998 MR 5, Eff. June 13, 1998.

R 456.143 Rescinded.
History: 1954 ACS 63, Eff. Aug. 14, 1970; 1979 AC; rescinded 1998 MR 5, Eff, June 13, 1998.

PUBLIC SERVICE COMMISSION

PRACTICE AND PROCEDURE BEFORE THE COMMISSION

R 460.11—R 460.99
Source: 1997 AACS.

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS I MOTOR CARRIERS OF PASSENGERS AND PROPERTY

R 460.160—R 460.280
Source: 1997 AACS.

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS II MOTOR CARRIERS OF PASSENGERS AND PROPERTY

R 460.290—R 460.407
Source: 1997 AACS.

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS III MOTOR CARRIERS OF PASSENGERS AND PROPERTY

R 460.411—R 460.476
Source: 1997 AACS.

ELECTRICAL SERVICE

R 460.501—R 460.505
Source: 1997 AACS.
Editor's note: R 460.501, R 460.502, and R 460.504 were rescinded by 1954 ACS 81, Eff. Mar. 5, 1975, insofar as the rules applied to electrical residential utility service.

ELECTRICAL LINES AND EQUIPMENT

R 460.521—R 460.572
Source: 1997 AACS.
Editor's note: Former R 460.421 to R 460.429, appearing in 1954 AC, and former R 460.540 to R 460.549, appearing in 1954 AC, were rescinded by the public service commission.

Present R 460.521—R 460.572 were promulgated by the public service commission. By request of the commission and pursuant to section 57 of Act N8. 306 of the Public Acts of 1969, as amended, being §24.257 of the Michigan Compiled Laws, these rules are not published in the Michigan Administrative Code. Copies of the rules may be obtained upon application to the Public Service Commission, 6545 Mercantile Way, Box 30221, Lansing, Michigan 48909.

PUBLIC SERVICE COMMISSION

ELECTRIC POWER AND COMMUNICATION LINES

R 460.581—R 460.587
Source: 1997 AACS.

R 460.588
Source: 1997 AACS.

R 460.589—R 460.592
Source: 1997 AACS.

ELECTRICAL SUPPLY AND COMMUNICATION LINES AND ASSOCIATED EQUIPMENT

R 460.811
Source: 1988 AACS.

R 460.812
Source: 1988 AACS.

R 460.813
Source: 1997 AACS.

R 460.814
Source: 1988 AACS.

R 460.815
Source: 1988 AACS.

STANDARDS OF GAS SERVICE

R 460.915
Source: 1997 AACS.

R 460.917
Source: 1997 AACS.

R 460.918
Source: 1997 AACS.

R 460.921—R 460.925
Source: 1997 AACS.

INTRASTATE TELEPHONE SERVICES AND FACILITIES (ORDER NO. T-576—1944 REVISION)

R 460.1960
Source: 1997 AACS.

FILING PROCEDURE FOR RATE SCHEDULES, FRANCHISES, PERMITS, CONTRACTS, AND AGREEMENTS BY ELECTRIC, TELEPHONE, AND GAS UTILITIES (ORDER NO. 3096—1944 REVISION)

R 460.2001—R 460.2008
Source: 1997 AACS.

FILING PROCEDURES FOR ELECTRIC, WATER, STEAM, AND GAS UTILITIES

PART 1. GENERAL PROVISIONS

R 460.2011
Source: 1981 AACS.

R 460.2012
Source: 1981 AACS.

R 460.2013
Source: 1981 AACS.

PART 2. RATE BOOK

R 460.2021
Source: 1981 AACS.

R 460.2022
Source: 1981 AACS.

R 460.2023
Source: 1981 AACS.

R 460.2024
Source: 1981 AACS.

PART 3. SPECIAL CONTRACTS

R 460.2031
Source: 1981 AACS.

FILING PROCEDURES FOR COMMUNICATIONS COMMON CARRIERS TARIFFS

R 460.2051
Source: 1981 AACS.

R 460.2052
Source: 1981 AACS.

R 460.2053
Source: 1981 AACS.

R 460.2054
Source: 1981 AACS.

R 460.2055
Source: 1981 AACS.

R 460.2056
Source: 1981 AACS.

R 460.2057
Source: 1981 AACS.

BILLING PRACTICES APPLICABLE TO COMMERCIAL AND INDUSTRIAL GAS CUSTOMERS

R 460.2071
Source: 1988 AACS.

R 460.2072
Source: 1988 AACS.

R 460.2073
Source: 1988 AACS.

R 460.2074
Source: 1988 AACS.

R 460.2075
Source: 1988 AACS.

R 460.2076
Source: 1988 AACS.

R 460.2077
Source: 1988 AACS.

R 460.2078
Source: 1988 AACS.

R 460.2079
Source: 1988 AACS.

R 460.2080
Source: 1988 AACS.

R 460.2081
Source: 1988 AACS.

R 460.2082
Source: 1988 AACS.

R 460.2083
Source: 1989 AACS.

R 460.2084
Source: 1988 AACS.

R 460.2085
Source: 1988 AACS.

R 460.2086
Source: 1988 AACS.

CONSUMER STANDARDS AND BILLING PRACTICES ELECTRIC AND GAS RESIDENTIAL SERVICE

PART 1. GENERAL PROVISIONS

R 460.2101

Source: 1992 AACS.

R 460.2102 Definitions.

Rule 2. As used in these rules:

(a) "Billing error" means an undercharge or overcharge that is caused by any of the following:

(i) An incorrect actual meter read.

(ii) An incorrect remote meter read.

(iii) An incorrect calculation of the applicable rate.

(iv) An incorrect connection of the meter.

(v) An incorrect application of the rate schedule.

(vi) Another similar act or omission by the utility in determining the amount of a customer's bill.

An undercharge or overcharge that is caused by a nonregistering meter, a meter error, or the use of an estimated meter read or a customer read is not a billing error.

(b) "Billing month" means a utility service consumption period of not less than 26, nor more than 35, days.

(c) "Charges for tariff service" means the rates for tariff service and other charges authorized by the commission as an integral part of utility service.

(d) "Commission" means the Michigan public service commission.

(e) "Complaint" means a matter that requires follow-up action or investigation by the utility or the commission to resolve the matter.

(f) "Complaint and information officer" means a member of the commission staff who is designated to perform responsibilities in accordance with these rules.

(g) "Complaint determination" means the written decision of a utility hearing officer with respect to an informal hearing.

(h) "Customer" means a purchaser of electricity or natural gas that is supplied by a utility for residential purposes.

(i) "Cycle billing" means a system that renders bills for utility service to various customers on different days of a calendar month.

(j) "Delinquent account" means any charges for utility service that remain~~s~~ unpaid at least 5 days after the due date.

(k) "Energy usage" means the consumption of electricity or natural gas.

(l) "Estimated bill" means a bill for energy usage that is not calculated by employing an actual reading of a meter or other measuring device.

(m) "Gas cost recovery" means the adjustment in rates that is approved by the commission to recognize variations in the cost of purchased gas from a base level.

(n) "In dispute" means that a matter is the subject of an unresolved disagreement, claim, or complaint.

(o) "Informal appeal" means an appeal of a complaint determination of a utility hearing officer to the commission staff.

(p) "Informal appeal decision" means the written decision of the complaint and information officer with respect to an informal appeal.

(q) "Inquiry" means a matter that is resolved upon the initial contact between the customer and the utility or the customer and the commission.

(r) "Late payment charge" means a finance, service, carrying, or penalty charge that is assessed by a utility because a balance due on a bill is delinquent.

(s) "New customer" means a customer who has not received the utility's service within the previous 6 years.

(t) "Positive identification information" means a social security number and an identification containing a photograph.

(u) "Power supply cost recovery" means the adjustment in rates that is approved by the commission to recognize variations in the cost of purchased power and fuel for electric generation.

(v) "Previous customer" means a customer who has received the utility's service within the previous 6 years.

(w) "Residential service or use" means the provision of or use of electricity or natural gas for residential purposes.

(x) "Seasonally billed customer" means a customer who is billed on a seasonal basis in accordance with a utility tariff that is approved by the commission.

(y) "Settlement agreement" means a written agreement that is entered into by a customer and a utility and that resolves any matter in dispute or provides for the payment of amounts not in dispute over a reasonable period of time.
(z) "Shutoff of service" means a discontinuance of utility service that is not voluntarily requested by a customer.
(aa) "Space heating season" means the period between December 1 and March 31.
(bb) "Termination of service" means a cessation of utility service that is voluntarily requested by a customer.
(cc) "Transmit" means to convey or dispatch.
(dd) "Utility" means a person, firm, corporation, cooperative, association, or other agency that is subject to the jurisdiction of the commission and that distributes and sells electricity or natural gas for residential use.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 4, Eff. Nov. 29, 1980; 1979 ACS 8, Eff. Nov. 13, 1981; 1984 MR 4, Eff. Apr. 19, 1984; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2103
Source: 1992 AACS.

R 460.2105
Source: 1992 AACS.

PART 2. BILLING AND PAYMENT STANDARDS

R 460.2111 Billing frequency; method of delivery.
Rule 11. A utility shall transmit a bill each billing month to its customers in accordance with approved rate schedules. A utility shall transmit a bill to customers by mail unless the utility and the customer agree in writing to another method of delivery. A utility that is authorized to seasonally bill customers or to use a customer read system shall render transmit a bill in accordance with the tariffs approved by the commission.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2112 Estimated billing.
Rule 12. (1) A utility may estimate the bill of a residential customer every other billing month. A utility may estimate the bills more or less often upon a finding by the commission that those procedures assure reasonable billing accuracy. A bill that is rendered on an estimated basis shall be clearly and conspicuously identified as such. A utility shall not render an estimated bill unless the estimating procedures employed by the utility and any substantive changes to those procedures have been approved by the commission.
(2) A utility may render estimated bills to seasonally billed customers in accordance with the tariffs approved by the commission.
(3) Notwithstanding the provisions of subrule (1) of this rule, a utility may estimate the bill of a customer if extreme weather conditions, emergencies, work stoppages, or other circumstances beyond the control of the utility prevent an actual meter reading.
(4) If the utility is unable to gain access to read a meter, then the utility shall use reasonable alternative measures to obtain an actual reading, including mailing or leaving postage-paid, pre-addressed postcards upon which the customer may note the reading. If the customer fails to comply with those alternative measures or makes reading the meter unnecessarily difficult, then the utility may transmit an estimated bill notwithstanding the provisions of subrule (1) of this rule. If a utility cannot obtain an actual reading under this subrule, then the utility shall maintain records of the reasons and its efforts to secure an accurate reading.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2113
Source: 1992 AACS.

R 460.2114

Source: 1992 AACS.

R 460.2115
Source: 1992 AACS.

R 460.2116 Payment of bill.

Rule 16. A utility shall permit each customer a period of not less than 17 days from the date the bill was transmitted to pay in full, unless the customer agrees in writing to a different period.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2117 Payment period.

Rule 17. The date of transmitting a bill is the date the utility mails the bill. For bills that are delivered other than by mail, the date of transmitting a bill is the date that the utility conveys or dispatches the billing information to the customer in accordance with the method of delivery that the customer and the utility agreed to use. If the last day for payments falls on a Sunday, legal holiday, or other day when the offices of the utility regularly used for the payment of customers' bills are not open to the general public, the payment date shall be extended through the next business day.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2118
Source: 1992 AACS.

R 460.2119 Bill information.

Rule 19. A bill that is transmitted by a utility shall state clearly all of the following information:
(a) The beginning and ending meter readings and dates for the billing period. A utility that is authorized to use a customer read system need not provide this information.
(b) The units of energy consumed during the billing period and the units of energy consumed during the comparable period the prior year. A utility may comply with the provisions of this subrule by providing a comparison of energy consumed based on average daily use for the billing period. The commission may exempt a utility from this requirement by order upon a showing by the utility that compliance would be excessively costly or administratively impractical.
(c) A designation of the rate.
(d) The due date.
(e) Any previous balance.
(f) The amount due for energy usage.
(g) The amount due for other authorized charges.
(h) The amount of tax.
(i) The total amount due.
(j) The rate schedules, the explanation of rate schedules, and the explanation of how to verify the accuracy of the bill will be provided upon request.
(k) That the customer should make any inquiry or complaint about the bill before the due date.
(l) The address and telephone number of the utility at which the customer may initiate any inquiry or complaint regarding the bill or the service provided by the utility.
(m) That the utility is regulated by the Michigan public service commission, Lansing, Michigan.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1987 MR 6, Eff. June 24, 1987; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2120 Separate bills.

Rule 20. (1) A utility shall transmit a separate bill in conformity with the provisions of R 460.2119 for service provided at each location and shall not combine 2 or more accounts without written authorization of the customer.
(2) Notwithstanding the provisions of subrule (1) of this rule, if there is shutoff or termination of service at a

separate residential metering point, residence, or location in accordance with these rules, then a utility may transfer an unpaid balance to any other residential service account of the customer.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2121 Billing for non-tariff services.
Rule 21. A utility may include charges for non-tariff services together with charges for tariff service on the same monthly bill if the charges for non-tariff services are designated clearly and separately from the charges for tariff service. If partial payment is made, the utility shall first credit payment to the balance outstanding for tariff service.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2122
Source: 1992 AACS.

R 460.2123 Notice of energy assistance program.
Rule 23. (1) A utility shall annually inform each customer of the following information:
(a) The federal and state energy assistance programs that are available and the eligibility requirements of the programs, as provided to the utility by the commission.
(b) The winter protection plan described in the provisions of R 460.2174.
(c) The medical emergency provisions of R 460.2153.
(2) The utility shall provide the information required by the provisions of subrule (1) of this rule as an explanation on the customer's bill, a bill insert, or other transmittal. If the utility does not print an explanation on the customer's bill, then the utility shall, on the customer's bill, direct the customer to the bill insert or other transmittal.
History: 1979 ACS 4, Eff. Nov. 29, 1980; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2124 Additional energy assistance programs.
Rule 24. As further information regarding energy assistance programs becomes available, the commission shall provide that information to all utilities. Within 60 days of receiving the information, the utility shall:
(1) Provide further information regarding new eligibility requirements for energy assistance programs to all of its customers.
(2) Provide further information regarding new benefit levels for energy assistance programs to customers currently enrolled in the programs.
History: 1979 ACS 4, Eff. Nov. 29, 1980; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2125
Source: 1992 AACS.

PART 3. GUARANTEE OF PAYMENT; SECURITY DEPOSITS

R 460.2131 Deposit for new customer.
Rule 31. (1) A utility may require a deposit as a condition of providing service to a new customer due to any of the following provisions:
(a) The applicant has a delinquent bill with any electric or gas provider that accrued within the last 6 years, and that, at the time of the request for service, remains unpaid and is not in dispute.
(b) The applicant misrepresents his or her identity or credit standing.
(c) The applicant fails to provide complete positive identification information upon request at the time of applying for new service, to the extent a request for such information is not barred by R 460.2133(3).
(d) The applicant, in an unauthorized manner, used, diverted, or interfered with the service of the utility situated or delivered on or about the applicant's premises within the last 6 years, if the finding of

unauthorized use, diversion, or interference is made after notice and an opportunity for a hearing under these rules.
(e) The applicant requests service for a location at which he or she does not reside.
(f) The applicant was a household member during a period in which all or part of a delinquent service account was accrued by another household member who currently resides with the applicant, if, at the time of the request for service, the account remains unpaid and is not in dispute.
(g) The applicant is unable to provide prior utility service history information with any regulated or unregulated utility in Michigan or elsewhere during the last 6 years and has an unfavorable commercial credit rating caused by 3 or more delinquent payments of more than 60 days in the last 2 years.
(h) A receiver has been appointed in a court proceeding within the last 6 years.
(i) As allowed by federal bankruptcy law, the applicant has sought relief under federal bankruptcy laws within the last 6 years.
(2) A utility shall not require a deposit as a condition of providing service to a new customer if any of the following provisions apply:
(a) The family independence agency is responsible for making monthly payments to a utility on behalf of the applicant.
(b) The applicant secures a guarantor who is a customer in good standing with the utility.
(c) None of the conditions described in subrule (1) of this rule applies to the applicant.
(d) The applicant is over 65 years of age and has no negative credit history with any gas or electric provider.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1984 MR 4, Eff. Apr. 19, 1984; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2132 Deposit for previous customer or continued service.

Rule 32. (1) A utility may require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if the customer has an unsatisfactory credit standing with the utility due to any of the following:
(a) The customer or applicant has a prior service account that is delinquent, that accrued within the last 6 years, and that, at the time of the request for service, remains unpaid and is not in dispute, or if litigation was required to obtain full payment of a utility account that was not in dispute.
(b) The customer or applicant misrepresents his or her identity or credit standing.
(c) The customer or applicant fails to provide complete positive identification information upon request at the time of applying for service, to the extent that a request for such information is not barred by R 460.2133(3).
(d) The customer or applicant, in an unauthorized manner, used, diverted, or interfered with the service of the utility situated or delivered on or about the customer's or applicant's premises within the last 6 years, if the finding of unauthorized use, diversion, or interference is made after notice and an opportunity for a hearing under these rules and is not in dispute.
(e) The utility has shut off service to the customer for nonpayment of a delinquent account that is not in dispute.
(f) The utility has had 1 or more checks for the customer's account returned from a bank within the last 12 months for insufficient funds or no account, excluding bank error.
(g) A receiver has been appointed in a court proceeding within the last 6 years.
(h) As allowed by federal bankruptcy law, the applicant has sought relief under federal bankruptcy laws within the last 6 years.
(2) A utility shall not require a deposit as a condition of providing service to a previous customer or continuing service to a current customer if one of the following provisions applies:
(a) The family independence agency is responsible for making monthly payments to a utility on behalf of the applicant.
(b) The customer or applicant secures a guarantor who is a customer in good standing with the utility.
(c) The customer or applicant has none of the conditions described in subrule (1) of this rule.
(d) The applicant is over 65 years of age and has no negative credit history with any gas or electric provider.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1984 MR 4, Eff. Apr. 19, 1984; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2133 Prohibited practices.

Rule 33. (1) A utility shall not require a deposit or other guarantee as a condition of new or continued utility service based upon any of the following:

(a) Commercial credit standards, if the customer or applicant has prior utility service credit history with any electric or gas provider in Michigan or elsewhere during the previous 6 years.

(b) Income.

(c) Home ownership.

(d) Residential location.

(e) Race.

(f) Color.

(g) Creed.

(h) Sex.

(i) Age.

(j) National origin.

(k) Any other criteria not authorized by these rules.

(2) A utility shall not attempt to recover from any person any outstanding bills or other charges due upon the account of any other person, unless that other person has entered into a lawful guarantee or other agreement to pay those bills and charges.

(3) A utility shall not require a customer or applicant who has prior utility service history with any electric or gas provider in Michigan or elsewhere during the previous 6 years to provide the utility with his or her social security number as a condition of obtaining or continuing a utility service.

History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1984 MR 4, Eff. Apr. 19, 1984; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2134 General deposit conditions.

Rule 34. (1) (A) A deposit that is required under these rules due to a prior outstanding account that is not in dispute or a shutoff for nonpayment shall not be more than twice the average peak season monthly bill for the premises or twice the utility's system average peak season monthly bill for residential service if consumption history for the premises is unavailable. The utility may also require payment of the delinquent account as a condition of providing or continuing service if the prior account is in the customer's or applicant's name, is delinquent and owed to the utility, and accrued within the last 6 years.

(b) A deposit that is required as a condition of providing, restoring, or continuing service due to unauthorized use, diversion, or interference shall not be more than 4 times the average peak season monthly bill for the premises or 4 times the utility's system average peak season monthly bill for residential service if consumption history for the premises is unavailable. The utility may also require payment of the delinquent account and approved charges as a condition of providing, restoring, or continuing service if the prior account is in the customer's or applicant's name, is delinquent and owed to the utility, and accrued within the last 6 years.

(2) Unless the applicant misrepresents his or her identity or credit standing or fails to provide positive identification, if requested, at the time of applying for service, the utility shall, within 30 days after the applicant applies, decide whether to require a deposit.

(3) Except in the case of unauthorized use, diversion, or interference, if the utility shuts off service for nonpayment, then the utility shall not require a deposit as a condition of restoring service unless the utility offered the customer, prior to shutoff for nonpayment, the opportunity to enter into a settlement agreement as provided in part 6 of these rules.

(4) A utility shall pay interest at the rate of 9% per annum on all deposits. A utility shall credit interest semiannually to the service account of the customer or pay it upon the return of the deposit, whichever occurs first.

(5) The customer's credit shall be established and the utility shall return the deposit and accrued interest upon satisfactory payment by the customer of all proper charges for utility service for a period of 12 consecutive months. A utility may retain the deposit because of unauthorized use, diversion, or interference for a period of 24 months and shall refund the deposit upon satisfactory payment of the final 12 months'

charges.
(6) For purposes of this rule, payment is satisfactory if it is made before the issuance of the notice of shutoff of service for nonpayment that is not in dispute or within 3 days after the issuance of the next succeeding monthly bill, whichever is sooner.
(7) If the utility has not already returned the deposit, the utility shall credit the deposit, with accrued interest, to the final bill. A utility may apply the deposit against an existing arrearage that is not in dispute. The utility shall promptly return the balance to the customer.
(8) A utility shall maintain a detailed record of all deposits received from customers. The record shall show all of the following information:
(a) The name of the residential customer.
(b) The location of the premises occupied by the customer at the time of making the deposit and each successive location while the deposit is retained.
(c) The date the customer made the deposit and the amount.
(d) The dates the utility paid interest and the amounts.
(9) If a customer makes a deposit, then the utility shall provide, in writing, a receipt that contains all of the following information:
(a) Name of customer.
(b) Place of payment.
(c) Date of payment.
(d) Amount of payment.
(e) Identifiable name and signature of the utility employee who receives the deposit.
(f) The terms and conditions governing the receipt, retention, and return of the deposit.
(10) A utility shall provide a means by which a customer who is entitled to the return of his or her deposit is not deprived of the deposit even though he or she may be unable to produce the original receipt for the deposit.
(11) A utility shall apply deposit standards uniformly to all customers.
(12) For purposes of this rule, both of the following provisions apply:
(a) The premise's average peak season monthly bill is defined as the highest 5 consecutive month period of consumption at the premises within the previous 12-month period, divided by 5, priced at current rates.
(b) The utility's system average peak season monthly bill is defined as the average peak season monthly bill computed for all residential premises on the utility's system.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1984 MR 4, Eff. Apr. 19, 1984; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2135 Uncollectibles allowance recovery fund.

Rule 35. (1) A utility shall establish and administer an Uncollectibles allowance recovery fund.
(2) A utility shall annually deposit into its Uncollectibles allowance recovery fund the difference between the Uncollectibles provision as recorded on the utility's financial records for 1999 less the provision as recorded on the utility's financial records in each subsequent fiscal year.
(3) A utility shall annually disburse the funds placed into its Uncollectibles allowance recovery fund according to the following formula:
(a) Twenty-five percent (25%) shall be retained by the utility.
(b) Seventy-five percent (75%) shall be contributed to the Michigan clean air fund of the department of environmental quality for use in programs or projects established to reduce oxides of nitrogen and volatile organic compounds.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1984 MR 4, Eff. Apr. 19, 1984; rescinded 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2136
Source: 1992 AACS.

R 460.2137
Source: 1997 AACS.

PART 4. UTILITY PROCEDURES

R 460.2141
Source: 1992 AACS.

R 460.2142
Source: 1992 AACS.

R 460.2143
Source: 1992 AACS.

R 460.2144
Source: 1992 AACS.

R 460.2145 Publication of procedures.

Rule 45. (1) A utility shall prepare a pamphlet that, in easily understood terms, summarizes the rights and responsibilities of its customers in accordance with these rules and other applicable provisions of statutes, rules, and tariffs.

(2) A utility shall display the pamphlet prominently and make it available at all utility office locations open to the general public. A utility shall transmit the pamphlet to each new customer upon the commencement of service and shall make it available at all times upon request. Where substantial revisions to or new information required by the provisions of subrule (3) of this rule occur, the utility shall provide the changes to all current customers by a bill insert, revised pamphlet, or a publication that is transmitted to all customers, with a copy to the commission. The form of this transmittal shall be at the discretion of the utility.

(3) The pamphlet shall contain all of the following information:

(a) Billing procedures and estimation standards.

(b) Methods for customers to verify billing accuracy.

(c) An explanation of the power supply cost recovery or gas cost recovery program.

(d) Customer payment standards and procedures.

(e) Security deposit and guarantee standards.

(f) Shutoff and restoration of service.

(g) Inquiry, service, and complaint procedures.

(4) Each pamphlet shall indicate conspicuously that the pamphlet is provided in accordance with the rules of the commission.

History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1987 MR 6, Eff. June 24, 1987; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2146 Access to rules and rates.

Rule 46. (1) A utility, except for a rural electric cooperative, shall provide to each customer, within 60 days of commencing service, within 60 days after issuance of a new rate case order, and at least once each year, the following information:

(a) A clear and concise explanation of all rates for which that customer may be eligible.

(b) A notice that complete rate schedules are available upon request.

(c) A notice of the availability of company assistance in determining the most appropriate rate if the customer is eligible to receive service under more than 1 rate.

(2) A rural electric cooperative shall provide to each customer, at least annually, the following information:

(a) A notice that complete rate schedules are available upon request.

(b) A notice that a clear and concise explanation of all rates for which that customer may be eligible is available upon request.

(c) A notice of the availability of company assistance in determining the most appropriate rate if the customer is eligible to receive service under more than 1 rate.

(3) A utility, except for a rural electric cooperative, shall provide to each customer, within 60 days after the utility has filed a general rate case application with the commission, the following information:

(a) A notice that the utility has requested that the commission change its rates.
(b) A notice that copies of the utility's application are available for inspection at all offices of the utility.
(c) A notice that an explanation of the proposed changes to the utility's rates is available from the utility upon request.
(4) A rural electric cooperative shall provide to each customer, within a reasonable time after it has filed a general rate case application or a times interest earned ratio ratemaking application, the following information:
(a) A notice that the cooperative has requested that the commission change its rates.
(b) A notice that copies of the cooperative's application are available for inspection at all offices of the cooperative.
(c) A notice that an explanation of the proposed changes to the cooperative's rates is available from the cooperative upon request.
(5) A utility, including a rural electric cooperative, shall provide the notice required by the provisions of this rule either through a publication that is transmitted to each of its customers or by a bill insert.
(6) A utility shall keep on file, at all offices of the utility, and shall provide public access to, all of the following documents:
(a) A copy of these rules.
(b) A copy of all other rules of the utility as filed with the commission regarding customer service.
(c) Schedules of all residential rates and charges.
(d) Proposed rate schedules.
(e) Clear and concise explanations of both existing and proposed rate schedules.
(f) An explanation of its power supply cost recovery or gas cost recovery program.
(7) A utility shall post suitable signs in conspicuous locations at all bill payment offices that are operated by the utility calling attention to the fact that the rules, regulations, rate schedules, proposed rate schedules, explanations of rate schedules, and explanations of proposed rate schedules are on file and available for inspection. Upon request, a utility shall provide 1 copy of these rules, explanations, or schedules to a customer without charge.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2147 Reporting requirements.

Rule 47. Upon request, a utility shall file with the commission, a report that contains detailed information concerning all of the following:
(a) The payment performance of its customers in relation to established due and payable periods.
(b) The number and general description of all complaints registered with the utility.
(c) The number of shutoff notices issued by the utility and the reasons for the notices.
(d) The number of hearings held by the utility, the types of disputes involved, and the number of complaint determinations issued.
(e) The number of written settlement agreements entered into by the utility.
(f) The number of shutoffs of service and the number of reconnections.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2148
Source: 1992 AACS.

R 460.2149
Source: 1992 AACS.

R 460.2150 Application for service.

Rule 50. (1) Unless the applicant has had one or more shutoffs, a utility shall not require other adults who will be residing at the premises for which service is requested to sign an application for service. A utility shall permit more than 1 name on the application if requested by the customer.

(2) If the applicant is renting the premises for which service is requested, a utility may require proof that the applicant is a tenant. Written or oral confirmation by the manager, landlord, or owner of the property or a copy of the lease submitted by the manager, landlord, or owner of the property is sufficient proof.
History: 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

PART 5. PHYSICAL SHUTOFF OF SERVICE

R 460.2151 Time of shutoff.

Rule 51. (1) Subject to the requirements of these rules, a utility may shut off service to a customer on the date specified in the notice of shutoff or at a reasonable time following that date. If a utility does not shut off service and mails a subsequent notice, then the utility shall not shut off service before the date specified in the subsequent notice. Shutoff shall occur only between the hours of 8 a.m. and 4 p.m.
(2) A utility shall not shut off service on a day, or a day immediately preceding a day, when the services of the utility are not available to the general public for the purpose of restoring service and shall not shut off service on a Friday during the space heating season to a customer who has
defaulted on the winter protection plan as defined in these rules.
(3) A utility shall not shut off service for an amount that is in dispute while a customer is awaiting the resolution of a complaint with the commission or the utility in accordance with these rules.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2152
Source: 1992 AACS.

R 460.2153
Source: 1992 AACS.

R 460.2154
Source: 1992 AACS.

R 460.2155
Source: 1992 AACS.

PART 6. PROCEDURES FOR SHUTOFF OR TERMINATION OF SERVICE

R 460.2161
Source: 1992 AACS.

R 460.2162
Source: 1992 AACS.

R 460.2163 Notice of shutoff.

Rule 63. (1) A utility shall not shut off service pursuant to the provisions of R 460.2161 unless it transmits a notice, by first-class mail, to the customer or personally serves the notice not less than 10 days before the date of the proposed shut off. The utility shall send notice to the account name and address and to the address where service is provided if the service address is different and the transmittal can be delivered at that address. A utility shall maintain a record of the date of transmittal.
(2) A utility shall permit a customer to designate a consenting individual or agency to receive a copy of a notice of shutoff.
(3) Not less than 30 days before the proposed shutoff of service to a single-metered dwelling that is used as a residence for five or more families, a utility shall transmit a notice each dwelling unit that indicates that the customer of record, the landlord, has failed to pay an outstanding bill and is subject to shutoff of service on or after a specified date.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1954 ACS 99, Eff. May 12, 1979; 1979 AC; 1979 ACS 4, Eff. Nov. 29, 1980; 1979 ACS 8, Eff. Nov. 13, 1981; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2164
Source: 1992 AACS.

R 460.2165 Disputed claim.

Rule 65. (1) If a customer advises a utility, before the date of the proposed shutoff of service, that all or part of a bill is in dispute, then the utility shall do all of the following:
(a) Immediately record the date, time, and place the customer made the complaint and transmit verification to the customer.
(b) Investigate the dispute promptly and completely.
(c) Advise the customer of the results of the investigation.
(d) Attempt to resolve the dispute informally in a manner that is satisfactory to both parties.
(e) Provide the opportunity for the customer to settle the dispute claim or to satisfy any liability that is not in dispute.
(2) A customer may advise a utility that a claim is in dispute in any reasonable manner, such as by written notice, in person, or by a telephone call directed to the utility.
(3) A utility, in attempting to resolve the dispute, may employ telephone communication, personal meetings, on-site visits, or any other technique that is reasonably conducive to dispute settlement.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2166
Source: 1992 AACS.

R 460.2167
Source: 1992 AACS.

R 460.2168 Notice of hearing.

Rule 68. (1) The utility shall transmit or personally serve the customer with written notice of the time, date, and place of the hearing not less than 10 days before the hearing.
(2) The notice shall describe the hearing procedures as contained in these rules.
(3) Failure of the customer or the utility to attend the hearing without a good reason or without having requested an adjournment constitutes a waiver of the right of that party to the hearing.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2169 Hearing procedures.

Rule 69. (1) A utility shall establish hearing procedures that, at a minimum, provide the customer and the utility with all of the following rights:
(a) The right to represent themselves, to be represented by counsel, or to be assisted by persons of their choice.
(b) The right to examine, not less than 2 days before a scheduled hearing, a list of all witnesses who will testify and all documents, records, files, account data, and similar material that may be relevant to the issues to be raised at the hearing.
(c) The right to present evidence, testimony, and oral and written argument.
(d) The right to confront and question witnesses appearing on behalf of the other party.
(2) A hearing shall be held during normal business hours. A utility shall take reasonable steps to ensure that a customer who is unable to attend a hearing due to physical incapacity is not denied the right to a hearing.
(3) The utility has the burden of proof by a preponderance of the evidence.
(4) All witnesses who appear for either party shall testify under oath.
(5) A hearing shall be informal and the proceedings need not be recorded or transcribed. All relevant evidence shall be received and the formal rules of evidence shall not apply.
(6) For each hearing, the utility hearing officer shall compile a record that contains all of the following.
(a) A concise statement, in writing, of the position of the utility.

(b) A concise statement, in writing, of the position of the customer. If the customer has not put his or her position in writing, then the hearing process shall provide a method for accomplishing this writing with the opportunity for proper acknowledgment by the customer.
(c) Copies of all evidence submitted by the parties.
(7) At the conclusion of the hearing, the utility hearing officer may orally state his or her findings and the decision or adjourn the hearing and inform the parties that the decision will be transmitted within seven days. At the request of the customer, the utility hearing officer shall adjourn the hearing and transmit the decision within seven days. In all cases, the utility hearing officer shall issue a complaint determination in a form that is approved by the commission. The complaint determination shall contain both of the following:
(a) A concise summary of the evidence and arguments presented by the parties.
(b) The decision, and the reasons for the decision, of the utility hearing officer based solely upon the evidence received.
(8) At the conclusion of the hearing and again upon issuance of the complaint determination, the utility hearing officer shall advise the customer and the utility of all of the following:
(a) That each party has a right to make an informal appeal to the commission staff, by mail, telephone, or in person, within 7 days of issuance of the complaint determination.
(b) That, if appealed, the decision of the utility hearing officer, including a finding that service may be shut off, cannot be implemented until review by the commission staff.
(c) The address and telephone number where the customer or the utility may make an informal appeal to the commission staff.
(9) Before issuance of a complaint determination, the utility hearing officer may propose a settlement to the parties. If both parties accept the settlement, it shall be reduced to writing and signed by both parties.
(10) Within 7 days of the conclusion of the hearing, the utility hearing officer shall serve the parties with all of the following:
(a) A copy of the complaint determination.
(b) Appeal information as provided in subrule (8) of this rule.
(c) If applicable, a copy of the signed settlement agreement.
(11) The complaint determination and a copy of the signed settlement agreement, if any, shall be made part of the hearing record. The utility hearing officer shall certify the hearing record.
(12) The complaint determination is binding upon the parties unless appealed as provided in these rules.
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1979 ACS 8, Eff. Nov. 13, 1981; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2170 Settlement agreement.

Rule 70. (1) If the utility and the customer arrive at a mutually satisfactory settlement of a claim in dispute or if the customer does not dispute liability to the utility, but claims the inability to pay the outstanding bill in full, then a utility shall offer the customer the opportunity to enter into a settlement agreement.
(2) A settlement agreement shall be in writing and signed by the customer or his or her authorized representative and an authorized representative of the utility. The utility shall confirm, in writing, a settlement reached by telephone and shall transmit the settlement to the customer with instructions to sign a confirming copy and return it in a postage-paid, self-addressed envelope. The utility shall retain the original settlement agreement for 2 years.
(3) In negotiating a settlement agreement due to the customer's inability to pay an outstanding bill in full, the utility shall not require the customer to pay more than a reasonable amount of the outstanding bill upon signing the agreement and not more than reasonable installments until the remaining balance is paid.
(4) For purposes of determining reasonableness, the parties shall consider all of the following factors:
(a) The size of the delinquent account.
(b) The customer's ability to pay.
(c) The time that the debt has been outstanding.
(d) The reasons that the customer has not paid the bill.
(e) The customer's payment history.
(f) Any other relevant factors concerning the circumstances of the customer.

(5) A settlement agreement that is offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold print that is not less than 2 sizes larger than any other print that is used on the form: "IF YOU ARE NOT SATISFIED WITH THIS AGREEMENT, DO NOT SIGN. YOU MAY FILE AN INFORMAL COMPLAINT AND HAVE A HEARING BEFORE A UTILITY HEARING OFFICER BEFORE YOUR SERVICE MAY BE SHUT OFF. IF YOU DO SIGN THIS AGREEMENT, YOU GIVE UP YOUR RIGHT TO AN INFORMAL HEARING BEFORE A UTILITY HEARING OFFICER ON ANY MATTER INVOLVED IN THIS DISPUTE EXCEPT THE UTILITY'S FAILURE OR REFUSAL TO FOLLOW THE TERMS OF THIS AGREEMENT."
History: 1954 ACS 81, Eff. Mar. 5, 1975; 1979 AC; 1992 MR 10, Eff. Oct. 29, 1992; 2000 MR 3, Eff. Mar. 17, 2000.

R 460.2171
Source: 1992 AACS.

R 460.2172
Source: 1992 AACS.

R 460.2173
Source: 1992 AACS.

R 460.2174
Source: 1992 AACS.

PART 7. COMMISSION APPEAL PROCEDURES

R 460.2181
Source: 1992 AACS.

R 460.2182
Source: 1992 AACS.

R 460.2183
Source: 1992 AACS.

R 460.2184
Source: 1992 AACS.

R 460.2185
Source: 1992 AACS.

R 460.2186
Source: 1992 AACS.

R 460.2187
Source: 1992 AACS.

R 460.2188
Source: 1992 AACS.

R 460.2189
Source: 1992 AACS.

R 460.2190
Source: 1992 AACS.

R 460.2191
Source: 1992 AACS.

R 460.2192
Source: 1992 AACS.

CONSUMER STANDARDS AND BILLING PRACTICES—RESIDENTIAL TELEPHONE SERVICE

PART 1. GENERAL PROVISIONS AND DEFINITIONS

R 460.2211
Source: 1997 AACS.

R 460.2212
Source: 1997 AACS.

R 460.2213—R 460.2216
Source: 1997 AACS.

PART 2. BILLING AND PAYMENT STANDARDS

R 460.2221, R 460.2222
Source: 1997 AACS.

R 460.2223
Source: 1997 AACS.

R 460.2224—R 460.2229
Source: 1997 AACS.

PART 3. GUARANTEE OF PAYMENT; SECURITY DEPOSITS

R 460.2231—R 460.2234
Source: 1997 AACS.

R 460.2235
Source: 1997 AACS.

R 460.2236
Source: 1997 AACS.

R 460.2237
Source: 1997 AACS.

PART 4. TELEPHONE UTILITY PROCEDURES

R 460.2241—R 460.2249
Source: 1997 AACS.

PART 5. DISCONTINUATION OF SERVICE

R 460.2251, R 460.2252
Source: 1997 AACS.

R 460.2253—R 460.2257
Source: 1997 AACS.

R 460.2258

Source: 1997 AACS.

R 460.2259
Source: 1997 AACS.

PART 6. HEARINGS; SETTLEMENT AGREEMENTS

R 460.2261—R 460.2265
Source: 1997 AACS.

R 460.2266
Source: 1997 AACS.

R 460.2267, R 460.2268
Source: 1997 AACS.

PART 7. COMMISSION APPEAL PROCEDURE

R 460.2271—R 460.2279
Source: 1997 AACS.

TECHNICAL STANDARDS FOR GAS SERVICE

PART 1. GENERAL PROVISIONS

R 460.2301
Source: 1993 AACS.

R 460.2302
Source: 1993 AACS.

PART 2. RECORDS, REPORTS, AND OTHER INFORMATION

R 460.2321
Source: 1993 AACS.

R 460.2323
Source: 1993 AACS.

PART 3. SERVICE REQUIREMENTS

R 460.2331
Source: 1993 AACS.

R 460.2332
Source: 1993 AACS.

R 460.2333
Source: 1993 AACS.

R 460.2335
Source: 1993 AACS.

PART 4. ENGINEERING

R 460.2342
Source: 1993 AACS.

R 460.2343
Source: 1993 AACS.

PART 5. INSPECTION OF METERS

R 460.2351
Source: 1993 AACS.

R 460.2352
Source: 1993 AACS.

R 460.2354
Source: 1993 AACS.

R 460.2355
Source: 1993 AACS.

R 460.2356
Source: 1993 AACS.

R 460.2357
Source: 1993 AACS.

PART 6. BILL ADJUSTMENT; METER ACCURACY

R 460.2361
Source: 1993 AACS.

R 460.2362
Source: 1993 AACS.

R 460.2363
Source: 1993 AACS.

R 460.2364
Source: 1993 AACS.

PART 7. SHUTOFF OF SERVICE

R 460.2371
Source: 1993 AACS.

R 460.2372
Source: 1993 AACS.

R 460.2373
Source: 1993 AACS.

R 460.2374
Source: 1993 AACS.

PART 8. GAS QUALITY

R 460.2381
Source: 1993 AACS.

R 460.2382
Source: 1993 AACS.

R 460.2383
Source: 1993 AACS.

R 460.2384
Source: 1993 AACS.

PRESERVATION OF RECORDS OF ELECTRIC, GAS, AND WATER UTILITIES

R 460.2501--R 460.2582
History: 1954 ACS 28, Eff. Jan. 1, 1962; 1979 AC; 1979 ACS 3, Eff. July 10, 1980.
Editor's note: The rules herein amended are part of the Preservation of Records of Electric, Gas, and Water Utilities rules, being R 460.2501 to R 460.2582 of the Michigan Administrative Code. Pursuant to the request of the public service commission, these rules are not published in the Michigan Administrative Code, but are only noted herein. Copies of the rules may be obtained from the Department of Commerce, Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909.

SERVICES SUPPLIED BY ELECTRIC UTILITIES

PART 1. GENERAL PROVISIONS

R 460.3101
Source: 1996 AACS.

R 460.3102
Source: 1996 AACS.

R 460.3103
Source: 1983 AACS.

PART 2. RECORDS AND REPORTS

R 460.3201
Source: 1996 AACS.

R 460.3202
Source: 1983 AACS.

R 460.3203
Source: 1996 AACS.

PART 3. METER REQUIREMENTS

R 460.3301
Source: 1996 AACS.

R 460.3302
Source: 1997 AACS.

R 460.3303
Source: 1996 AACS.

R 460.3304
Source: 1996 AACS.

R 460.3305
Source: 1996 AACS.

R 460.3306
Source: 1996 AACS.

R 460.3307
Source: 1997 AACS.

R 460.3308
Source: 1996 AACS.

PART 4. CUSTOMER RELATIONS

R 460.3401
Source: 1996 AACS.

R 460.3402
Source: 1996 AACS.

R 460.3403
Source: 1996 AACS.

R 460.3404
Source: 1996 AACS.

R 460.3405
Source: 1997 AACS.

R 460.3406
Source: 1996 AACS.

R 460.3407
Source: 1996 AACS.

R 460.3408
Source: 1996 AACS.

R 460.3409
Source: 1996 AACS.

R 460.3410
Source: 1996 AACS.

R 460.3411
Source: 1996 AACS.

PART 5. CONSTRUCTION, OPERATIONS, AND MAINTENANCE

R 460.3501
Source: 1983 AACS.

R 460.3502
Source: 1996 AACS.

R 460.3503
Source: 1996 AACS.

R 460.3504
Source: 1996 AACS.

R 460.3505
Source: 1996 AACS.

PART 6. METERING EQUIPMENT INSPECTIONS AND TESTS

R 460.3601
Source: 1983 AACS.

R 460.3602
Source: 1983 AACS.

R 460.3603
Source: 1983 AACS.

R 460.3604
Source: 1995 AACS.

R 460.3605
Source: 1983 AACS.

R 460.3606
Source: 1983 AACS.

R 460.3607
Source: 1983 AACS.

R 460.3608
Source: 1983 AACS.

R 460.3609
Source: 1983 AACS.

R 460.3610
Source: 1983 AACS.

R 460.3611
Source: 1995 AACS.

R 460.3612
Source: 1995 AACS.

R 460.3613
Source: 1995 AACS.

R 460.3614
Source: 1983 AACS.

R 460.3615
Source: 1983 AACS.

R 460.3616
Source: 1983 AACS.

R 460.3617
Source: 1995 AACS.

R 460.3618
Source: 1983 AACS.

PART 7. STANDARDS OF QUALITY OF SERVICES

R 460.3701
Source: 1996 AACS.

R 460.3702
Source: 1996 AACS.

R 460.3703
Source: 1996 AACS.

R 460.3704
Source: 1996 AACS.

R 460.3705
Source: 1996 AACS.

PART 8. SAFETY

R 460.3801
Source: 1983 AACS.

R 460.3802
Source: 1996 AACS.

R 460.3803
Source: 1996 AACS.

R 460.3804
Source: 1996 AACS.

PART 9. COMMERCIAL AND INDUSTRIAL STANDARDS AND BILLING PRACTICES

R 460.3901
Source: 1996 AACS.

R 460.3902
Source: 1996 AACS.

R 460.3903
Source: 1996 AACS.

R 460.3904
Source: 1996 AACS.

R 460.3905
Source: 1996 AACS.

R 460.3906
Source: 1996 AACS.

R 460.3907
Source: 1996 AACS.

R 460.3908
Source: 1996 AACS.

UNIFORM SYSTEM OF ACCOUNTS FOR MAJOR AND NONMAJOR ELECTRIC UTILITIES

R 460.9001, R 460.9019
History: 1954 ACS 89, Eff. Nov. 12, 1976; 1979 AC; 1986 MR 12, Eff. Dec. 31, 1986.
Editor's note: R 460.9001 and R 460.9019, relating to a uniform system of accounts for class A and B

electric utilities, were adopted by the public service commission to implement Act No. 106 of the Public Acts of 1909, being §460.551 et seq. of the Michigan Compiled Laws. By request of the commission and pursuant to section 57 of Act No. 306 of the Public Acts of 1969, being §24.257 of the Michigan Compiled Laws, these rules are not published in Michigan Administrative Code publications. They may be obtained upon application to the Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, Michigan 48909.

UNIFORM SYSTEM OF ACCOUNTS FOR MAJOR AND NONMAJOR GAS UTILITIES

R 460.9021, R 460.9039

History: 1954 ACS 89, Eff. Nov. 12, 1976; 1979 AC; 1986 MR 12, Eff. Dec. 31, 1986.

Editor's note: R 460.9021 and R 460.9039, relating to a uniform system of accounts for class A and B gas utilities, were adopted by the public service commission to implement Act No. 419 of the Public Acts of 1919, as amended, being §460.51 et seq. of the Michigan Compiled Laws. By request of the commission and pursuant to section 57 of Act No. 306 of the Public Acts of 1969, being §24.257 of the Michigan Compiled Laws, these rules are not published in Michigan Administrative Code publications. They may be obtained upon application to the Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, Michigan 48909.

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND CLASS B TELEPHONE COMPANIES

R 460.9041, R 460.9059

Source: 1988 AACS.

Editor's note: R 460.9041 and R 460.9059, relating to a uniform system of accounts for class A and B telephone companies, were adopted by the public service commission to implement Act No. 206 of the Public Acts of 1913, as amended, being §484.101 et seq. of the Michigan Compiled Laws. By request of the commission and pursuant to section 57 of Act No. 306 of the Public Acts of 1969, being §24.257 of the Michigan Compiled Laws, these rules are not published in Michigan Administrative Code publications. They may be obtained upon application to the Public Service Commission, Law Building, Lansing, Michigan 48926.

R 460.9060, R 460.9079

Source: 1997 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

PUBLIC SERVICE COMMISSION

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A AND B WATER UTILITIES

R 460.9081, R 460.9099

History: 1954 ACS 85, Eff. Oct. 1, 1975.

Editor's note: R 460.9081 and R 460.9099, relating to a uniform system of accounts for class A and B water utilities, were adopted by the public service commission to implement Act No. 419 of the Public Acts of 1919, as amended, being S460.51 et seq. of the Michigan Compiled Laws, and Act No. 3 of the Public Acts of 1939, as amended, being S460.1 et seq. of the Michigan Compiled Laws. By request of the commission and pursuant to section 57 of Act No. 306 of the Public Acts of 1969, being S24.257 of the Michigan Compiled Laws, these rules are not published in Michigan Administrative Code publications. They may be obtained upon application to the Public Service Commission, P.O. Box 30221, Lansing, Michigan 48909.

SERVICES SUPPLIED BY WATER UTILITIES

R 460.13406

Source: 1989 AACS.

MICHIGAN GAS SAFETY CODE

R 460.14001 - R 460.14999 rescinded

1999 MR 12, Eff. Jan. 5, 2000.

Editor's note: R 460.14001 to R 460.14999, pertaining to safety standards for pipeline facilities and the transportation of gas, were adopted by the public service commission to implement Act No. 165 of the Public

Acts of 1969, being §§483.151 to 483.162 of the Michigan Compiled Laws. Prior to Act No. 412 of the Public Acts of 1982, upon request of the commission and pursuant to a former provision of section 57 of Act No. 306 of the Public Acts of 1969, being §24.257 of the Michigan Compiled Laws, permitting the omission of rules of interest to relatively few persons, these rules were not published in Michigan Administrative Code publications. They may be obtained upon application to the Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, Michigan 48909.

PART 1. GENERAL PROVISIONS

R 460.14001
Source: 1995 AACS.

R 460.14008
Source: 1995 AACS.

R 460.14012
Source: 1991 AACS.

R 460.14013
Source: 1986 AACS.

PART 2. ANNUAL REPORTS, INCIDENT REPORTS, AND SAFETY-RELATED CONDITION REPORTS

R 460.14021
Source: 1991 AACS.

R 460.14025
Source: 1991 AACS.

R 460.14026
Source: 1986 AACS.

R 460.14027
Source: 1995 AACS.

R 460.14029
Source: 1995 AACS.

R 460.14031
Source: 1995 AACS.

R 460.14033
Source: 1986 AACS.

R 460.14035
Source: 1995 AACS.

R 460.14037
Source: 1995 AACS.

R 460.14038
Source: 1991 AACS.

R 460.14039
Source: 1991 AACS.

R 460.14040
Source: 1995 AACS.

PART 3. SAFETY STANDARDS

R 460.14045
Source: 1991 AACS.

R 460.14047
Source: 1991 AACS.

R 460.14049
Source: 1995 AACS.

R 460.14051
Source: 1995 AACS.

R 460.14057
Source: 1997 AACS.

R 460.14059
Source: 1995 AACS.

PART 4. MATERIALS

R 460.14065
Source: 1991 AACS.

R 460.14067
Source: 1997 AACS.

R 460.14069
Source: 1991 AACS.

R 460.14071
Source: 1997 AACS.

R 460.14073
Source: 1995 AACS.

R 460.14075
Source: 1995 AACS.

PART 5. PIPE DESIGN

R 460.14105
Source: 1986 AACS.

R 460.14113
Source: 1991 AACS.

R 460.14117
Source: 1997 AACS.

R 460.14119
Source: 1997 AACS.

R 460.14123

Source: 1991 AACS.

R 460.14125
Source: 1991 AACS.

PART 6. PIPELINE COMPONENTS DESIGN

R 460.14143
Source: 1986 AACS.

R 460.14144
Source: 1986 AACS.

R 460.14145
Source: 1991 AACS.

R 460.14147
Source: 1995 AACS.

R 460.14150
Source: 1995 AACS.

R 460.14153
Source: 1995 AACS.

R 460.14161
Source: 1991 AACS.

R 460.14177
Source: 1995 AACS.

R 460.14191
Source: 1991 AACS.

R 460.14203
Source: 1995 AACS.

PART 7. WELDING STEEL IN PIPELINES

R 460.14223
Source: 1997 AACS.

R 460.14225
Source: 1991 AACS.

R 460.14227
Source: 1991 AACS.

R 460.14235
Source: 1991 AACS.

R 460.14237
Source: 1997 AACS.

R 460.14239
Source: 1997 AACS.

R 460.14243
Source: 1986 AACS.

R 460.14245
Source: 1986 AACS.

PART 8. JOINING OF MATERIALS OTHER THAN BY WELDING

R 460.14275
Source: 1991 AACS.

R 460.14277
Source: 1991 AACS.

R 460.14279
Source: 1995 AACS.

R 460.14281
Source: 1991 AACS.

R 460.14283
Source: 1995 AACS.

PART 9. GENERAL CONSTRUCTION REQUIREMENTS FOR TRANSMISSION LINES AND MAINS

R 460.14313
Source: 1986 AACS.

PART 10. CUSTOMER METERS; SERVICE REGULATORS; SERVICE LINES

R 460.14355
Source: 1991 AACS.

R 460.14375
Source: 1991 AACS.

PART 11. CORROSION CONTROL

R 460.14453
Source: 1995 AACS.

R 460.14455
Source: 1986 AACS.

PART 12. TEST REQUIREMENTS

R 460.14503
Source: 1991 AACS.

R 460.14507
Source: 1991 AACS.

R 460.14509
Source: 1991 AACS.

PART 13. UPRATING

R 460.14557
Source: 1991 AACS.

PART 14. OPERATIONS

R 460.14603
Source: 1995 AACS.

R 460.14605
Source: 1995 AACS.

R 460.14606
Source: 1995 AACS.

R 460.14611
Source: 1995 AACS.

R 460.14614
Source: 1995 AACS.

R 460.14615
Source: 1995 AACS.

R 460.14616
Source: 1995 AACS.

PART 15. MAINTENANCE

R 460.14705
Source: 1986 AACS.

R 460.14706
Source: 1986 AACS.

R 460.14707
Source: 1986 AACS.

R 460.14719
Source: 1991 AACS.

R 460.14721
Source: 1986 AACS.

R 460.14723
Source: 1995 AACS.

R 460.14731
Source: 1986 AACS.

R 460.14736
Source: 1995 AACS.

R 460.14739
Source: 1986 AACS.

R 460.14743
Source: 1991 AACS.

R 460.14745
Source: 1986 AACS.

R 460.14747
Source: 1986 AACS.

R 460.14749
Source: 1986 AACS.

PART 16. RECORDS AND REPORTS

R 460.14805
Source: 1986 AACS.

PART 19. APPENDIXES AND RESCISSION

R 460.14901
Source: 1991 AACS.

R 460.14902
Source: 1995 AACS.

R 460.14903
Source: 1995 AACS.

R 460.14904
Source: 1995 AACS.

R 460.14905
Source: 1995 AACS.

R 460.14906
Source: 1995 AACS.

R 460.14909
Source: 1995 AACS.

R 460.14910
Source: 1995 AACS.

R 460.14911
Source: 1995 AACS.

R 460.14912
Source: 1995 AACS.

R 460.14921
Source: 1995 AACS.

R 460.14922
Source: 1991 AACS.

R 460.14941
Source: 1991 AACS.

MOTOR CARRIERS

R 460.15001—R 460.15133

Source: 1997 AACS.

DEPARTMENT OF STATE POLICE

MOTOR CARRIER DIVISION

MOTOR CARRIER SAFETY

PART 1. GENERAL PROVISIONS

R 460.16101
Source: 1997 AACS.

R 460.16105
Source: 1997 AACS.

R 460.16110
Source: 1997 AACS.

R 460.16112
Source: 1997 AACS.

R 460.16114
Source: 1997 AACS.

R 460.16115
Source: 1997 AACS.

R 460.16120
Source: 1997 AACS.

PART 2. QUALIFICATIONS OF DRIVERS

R 460.16201
Source: 1997 AACS.

R 460.16202
Source: 1997 AACS.

R 460.16203
Source: 1997 AACS.

R 460.16204
Source: 1997 AACS.

QUALIFICATION AND DISQUALIFICATION OF DRIVERS

R 460.16205
Source: 1997 AACS.

R 460.16205a
Source: 1997 AACS.

R 460.16206
Source: 1997 AACS.

R 460.16207
Source: 1997 AACS.

R 460.16208
Source: 1997 AACS.

R 460.16209
Source: 1997 AACS.

R 460.16210
Source: 1997 AACS.

R 460.16211
Source: 1997 AACS.

R 460.16212
Source: 1997 AACS.

R 460.16213
Source: 1997 AACS.

R 460.16214
Source: 1997 AACS.

R 460.16215
Source: 1997 AACS.

R 460.16216
Source: 1997 AACS.

R 460.16217
Source: 1997 AACS.

R 460.16218
Source: 1997 AACS.

R 460.16218a
Source: 1997 AACS.

R 460.16218b
Source: 1997 AACS.

FILES AND RECORDS

R 460.16219
Source: 1997 AACS.

R 460.16220
Source: 1997 AACS.

R 460.16221
Source: 1997 AACS.

R 460.16222
Source: 1997 AACS.

R 460.16223
Source: 1997 AACS.

PART 3. DRIVING OF MOTOR VEHICLES

R 460.16301
Source: 1997 AACS.

R 460.16302
Source: 1997 AACS.

R 460.16303
Source: 1997 AACS.

R 460.16304
Source: 1997 AACS.

R 460.16305
Source: 1997 AACS.

R 460.16306
Source: 1997 AACS.

R 460.16307
Source: 1997 AACS.

R 460.16308
Source: 1997 AACS.

R 460.16309
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R 460.16310
Source: 1997 AACS.

R 460.16311
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R 460.16312
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R 460.16313
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R 460.16314
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R 460.16315
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R 460.16316
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R 460.16317
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R 460.16318
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R 460.16319
Source: 1997 AACS.

R 460.16320
Source: 1997 AACS.

R 460.16321
Source: 1997 AACS.

R 460.16322
Source: 1997 AACS.

R 460.16323
Source: 1997 AACS.

R 460.16324
Source: 1997 AACS.

USE OF LIGHTED LAMPS AND REFLECTORS

R 460.16325
Source: 1997 AACS.

R 460.16326
Source: 1997 AACS.

R 460.16327
Source: 1997 AACS.

R 460.16328
Source: 1997 AACS.

R 460.16329
Source: 1997 AACS.

R 460.16330
Source: 1997 AACS.

R 460.16331
Source: 1997 AACS.

R 460.16332
Source: 1997 AACS.

R 460.16333
Source: 1997 AACS.

R 460.16334
Source: 1997 AACS.

R 460.16335
Source: 1997 AACS.

R 460.16335a
Source: 1997 AACS.

R 460.16336
Source: 1997 AACS.

R 460.16337
Source: 1997 AACS.

R 460.16338
Source: 1997 AACS.

PART 4. PARTS AND ACCESSORIES FOR SAFE OPERATION

R 460.16401
Source: 1997 AACS.

R 460.16402
Source: 1997 AACS.

R 460.16403
Source: 1997 AACS.

R 460.16404
Source: 1997 AACS.

R 460.16405
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R 460.16406
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R 460.16407
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R 460.16408
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R 460.16409
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R 460.16410
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R 460.16411
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R 460.16412
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R 460.16413
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R 460.16415
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R 460.16416
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R 460.16417
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R 460.16418
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R 460.16419
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R 460.16421
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R 460.16422
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R 460.16423
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R 460.16424
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R 460.16425
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R 460.16426
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R 460.16428
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R 460.16429
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R 460.16430
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R 460.16431
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R 460.16432
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R 460.16433
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R 460.16434
Source: 1997 AACS.

R 460.16435
Source: 1997 AACS.

R 460.16436
Source: 1997 AACS.

GLAZING AND WINDOW CONSTRUCTION

R 460.16437
Source: 1997 AACS.

R 460.16438
Source: 1997 AACS.

R 460.16439
Source: 1997 AACS.

R 460.16440
Source: 1997 AACS.

R 460.16441
Source: 1997 AACS.

R 460.16442
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R 460.16443
Source: 1997 AACS.

MISCELLANEOUS PARTS AND ACCESSORIES

R 460.16444
Source: 1997 AACS.

R 460.16445
Source: 1997 AACS.

R 460.16446
Source: 1997 AACS.

R 460.16447
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R 460.16448
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R 460.16449
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R 460.16450
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R 460.16451
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R 460.16452
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R 460.16453
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R 460.16454
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R 460.16455
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R 460.16456
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R 460.16457
Source: 1997 AACS.

R 460.16458
Source: 1997 AACS.

EMERGENCY EQUIPMENT

R 460.16459
Source: 1997 AACS.

PROTECTION AGAINST SHIFTING OR FALLING CARGO

R 460.16460
Source: 1997 AACS.

R 460.16461
Source: 1997 AACS.

R 460.16462
Source: 1997 AACS.

R 460.16463
Source: 1997 AACS.

PART 5. NOTIFICATION, REPORTING, AND RECORDING OF ACCIDENTS

R 460.16501
Source: 1997 AACS.

R 460.16510
Source: 1997 AACS.

R 460.16515
Source: 1997 AACS.

R 460.16520
Source: 1997 AACS.

R 460.16525
Source: 1997 AACS.

R 460.16530
Source: 1997 AACS.

PART 6. HOURS OF SERVICE OF DRIVERS

R 460.16601
Source: 1997 AACS.

R 460.16605
Source: 1997 AACS.

R 460.16610
Source: 1997 AACS.

R 460.16615
Source: 1997 AACS.

R 460.16620
Source: 1997 AACS.

R 460.16625
Source: 1997 AACS.

R 460.16630
Source: 1997 AACS.

R 460.16635
Source: 1997 AACS.

R 460.16640
Source: 1997 AACS.

R 460.16645
Source: 1997 AACS.

PART 7. INSPECTION AND MAINTENANCE

R 460.16701
Source: 1997 AACS.

R 460.16705
Source: 1997 AACS.

R 460.16710
Source: 1997 AACS.

R 460.16715
Source: 1997 AACS.

R 460.16720
Source: 1997 AACS.

R 460.16725
Source: 1997 AACS.

R 460.16730
Source: 1997 AACS.

R 460.16735
Source: 1997 AACS.

R 460.16740
Source: 1997 AACS.

PART 8. TRANSPORTATION OF HAZARDOUS MATERIALS; DRIVING AND PARKING RULES

R 460.16801
Source: 1997 AACS.

R 460.16810
Source: 1997 AACS.

R 460.16815
Source: 1997 AACS.

R 460.16820
Source: 1997 AACS.

R 460.16825
Source: 1997 AACS.

R 460.16830
Source: 1997 AACS.

R 460.16835
Source: 1997 AACS.

R 460.16840
Source: 1997 AACS.

R 460.16845
Source: 1997 AACS.

R 460.16850
Source: 1997 AACS.

R 460.16855
Source: 1997 AACS.

R 460.16860
Source: 1997 AACS.

R 460.16865
Source: 1997 AACS.

R 460.16870
Source: 1997 AACS.

PART 9. APPENDIX A

R 460.16901
Source: 1997 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

PUBLIC SERVICE COMMISSION

PRACTICE AND PROCEDURE BEFORE THE COMMISSION

PART 1. GENERAL PROVISIONS

R 460.17101
Source: 1992 AACS.

R 460.17103
Source: 1992 AACS.

R 460.17105
Source: 1992 AACS.

R 460.17107
Source: 1992 AACS.

R 460.17109
Source: 1992 AACS.

R 460.17111
Source: 1992 AACS.

R 460.17113
Source: 1992 AACS.

R 460.17115
Source: 1992 AACS.

R 460.17117
Source: 1992 AACS.

PART 2. INTERVENTIONS

R 460.17201
Source: 1992 AACS.

R 460.17203
Source: 1992 AACS.

R 460.17205
Source: 1992 AACS.

R 460.17207
Source: 1992 AACS.

R 460.17209
Source: 1992 AACS.

PART 3. HEARINGS

R 460.17301
Source: 1992 AACS.

R 460.17303
Source: 1992 AACS.

R 460.17305
Source: 1992 AACS.

R 460.17307
Source: 1992 AACS.

R 460.17309
Source: 1997 AACS.

R 460.17311
Source: 1992 AACS.

R 460.17313
Source: 1992 AACS.

R 460.17315
Source: 1992 AACS.

R 460.17317
Source: 1997 AACS.

R 460.17319
Source: 1997 AACS.

R 460.17321
Source: 1992 AACS.

R 460.17323
Source: 1992 AACS.

R 460.17325
Source: 1992 AACS.

R 460.17327
Source: 1992 AACS.

R 460.17329
Source: 1992 AACS.

R 460.17331
Source: 1992 AACS.

R 460.17333
Source: 1992 AACS.

R 460.17335
Source: 1992 AACS.

R 460.17337
Source: 1992 AACS.

R 460.17339
Source: 1992 AACS.

R 460.17341
Source: 1992 AACS.

PART 4. REOPENINGS AND REHEARINGS

R 460.17401
Source: 1992 AACS.

R 460.17403
Source: 1992 AACS.

R 460.17405
Source: 1992 AACS.

PART 5. COMPLAINTS

R 460.17501
Source: 1997 AACS.

R 460.17503
Source: 1992 AACS.

R 460.17505
Source: 1992 AACS.

R 460.17507
Source: 1992 AACS.

R 460.17509
Source: 1992 AACS.

R 460.17511
Source: 1992 AACS.

R 460.17513
Source: 1992 AACS.

R 460.17515
Source: 1992 AACS.

PART 6. SPECIFIC PROCEEDINGS

R 460.17601
Source: 1997 AACS.

R 460.17603
Source: 1997 AACS.

R 460.17605
Source: 1997 AACS.

R 460.17607
Source: 1997 AACS.

PART 7. DECLARATORY RULINGS

R 460.17701
Source: 1992 AACS.

MOTOR CARRIERS

PART 1. GENERAL PROVISIONS

R 460.18101
Source: 1988 AACS.

R 460.18105
Source: 1984 AACS.

R 460.18106
Source: 1988 AACS.

R 460.18199
Source: 1984 AACS.

PART 2. APPLICATION FOR MOTOR CARRIER CERTIFICATE OR PERMIT

R 460.18201
Source: 1988 AACS.

R 460.18202
Source: 1988 AACS.

R 460.18203
Source: 1988 AACS.

R 460.18204
Source: 1984 AACS.

R 460.18205
Source: 1984 AACS.

R 460.18206
Source: 1984 AACS.

R 460.18207
Source: 1997 AACS.

R 460.18208
Source: 1984 AACS.

R 460.18209
Source: 1984 AACS.

R 460.18212
Source: 1984 AACS.

PART 3. MODIFIED PROCEDURE

R 460.18301
Source: 1984 AACS.

R 460.18302
Source: 1984 AACS.

R 460.18303
Source: 1988 AACS.

R 460.18304
Source: 1984 AACS.

R 460.18307
Source: 1984 AACS.

R 460.18308
Source: 1984 AACS.

PART 4. CERTIFICATES AND PERMITS

R 460.18401
Source: 1984 AACS.

R 460.18402
Source: 1984 AACS.

R 460.18403
Source: 1988 AACS.

R 460.18404
Source: 1984 AACS.

R 460.18405
Source: 1984 AACS.

R 460.18406
Source: 1984 AACS.

R 460.18407
Source: 1984 AACS.

R 460.18408
Source: 1988 AACS.

R 460.18409
Source: 1988 AACS.

R 460.18410
Source: 1984 AACS.

R 460.18411
Source: 1984 AACS.

R 460.18412
Source: 1984 AACS.

R 460.18413
Source: 1988 AACS.

PART 5. IDENTIFICATION OF VEHICLE

R 460.18501
Source: 1984 AACS.

R 460.18502
Source: 1984 AACS.

R 460.18503
Source: 1988 AACS.

R 460.18504
Source: 1984 AACS.

R 460.18505
Source: 1988 AACS.

PART 6. TRANSFER OF AUTHORITY

R 460.18601
Source: 1984 AACS.

R 460.18602
Source: 1984 AACS.

R 460.18603
Source: 1984 AACS.

R 460.18604
Source: 1984 AACS.

R 460.18605
Source: 1984 AACS.

R 460.18606
Source: 1984 AACS.

R 460.18607
Source: 1984 AACS.

R 460.18609
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R 460.18610
Source: 1988 AACS.

R 460.18611
Source: 1988 AACS.

PART 7. SHIPPING DOCUMENTS AND PAYMENT OF FREIGHT CHARGES

R 460.18701
Source: 1988 AACS.

R 460.18703
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R 460.18705
Source: 1988 AACS.

R 460.18706
Source: 1988 AACS.

R 460.18707
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R 460.18708
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R 460.18710
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R 460.18711
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R 460.18802
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PART 9. EMERGENCY-TEMPORARY AND TEMPORARY AUTHORITY

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Source: 1984 AACS.

R 460.18902
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R 460.18903
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R 460.18904
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R 460.18906
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R 460.18907
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R 460.18909
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R 460.18910
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R 460.18912
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PART 10. COLLECTIVE RATE MAKING BETWEEN OR AMONG CARRIERS

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Source: 1984 AACS.

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Source: 1984 AACS.

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R 460.19004
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R 460.19006
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R 460.19012
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R 460.19014
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R 460.19018
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R 460.19019
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R 460.19020
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R 460.19021
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R 460.19022
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PART 11. INSURANCE

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R 460.19102
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R 460.19103
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PART 12. RATES AND TARIFFS

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Source: 1984 AACS.

R 460.19202
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R 460.19226
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PART 13. FORMS

R 460.19301
Source: 1988 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

PUBLIC SERVICE COMMISSION

GAS SAFETY

PART 1. GENERAL PROVISIONS

R 460.20101 Applicability of rules.

Rule 101. (1) These rules apply to the design, fabrication, installation, inspection, testing, and safety aspects of the operation and maintenance of gas pipeline facilities used in the transportation of gas.
(2) These rules do not apply to either of the following:
(a) The gathering of gas in rural locations that are outside of any of the following areas:
(i) An area within the limits of an incorporated or unincorporated city, town, or village.
(ii) A designated residential or commercial area, such as a subdivision, business or shopping center, or

community development.
(iii) The property of a school, church, hospital, park, or similar public place.
(b) Any pipeline system that transports only petroleum gas or petroleum gas and air mixtures under either of the following circumstances:
(i) The pipeline has fewer than 10 customers and no portion of the system is located in a public place.
(ii) The pipeline has only 1 customer and the system is located entirely on the customer's premises.
(3) The work performed within the scope of these rules shall meet or exceed all of the safety standards expressed or implied in these rules.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20102 Definitions.

Rule 102. As used in these rules:
(a) "Commission" means the Michigan public service commission.
(b) "Corrosion" means the destruction or deterioration of a material, usually a metal, by an electrochemical process, due to a reaction with the material's environment.
(c) "Customer" means a person or company who purchases gas from a distributor for the person's or company's own use or for the use of a tenant, or both.
(d) "Hoop stress" means the stress in a pipe wall which acts circumferentially in a plane perpendicular to the longitudinal axis of the pipe and which is produced by the pressure of the fluid in the pipe.
(e) "Leak" means the unintentional escape of gas from a pipeline facility or a customer's facility.
(f) "Leakage survey" means a systematic inspection that is made to locate leaks in a gas pipeline.
(g) "Pressure" means gauge pressure, unless otherwise stated, expressed in pounds per square inch above atmospheric pressure and is abbreviated "psig."
(h) "Sour gas" means gas containing a concentration of hydrogen sulfide (H2S) greater than or equal to 300 parts per million (ppm.).
(i) "System" means all pipeline facilities used by a particular operator in the transportation of gas, including all of the following:
(A) Line pipe.
(B) Valves.
(C) Other appurtenances connected to line pipe.
(D) Compressor units.
(E) Fabricated assemblies associated with compressor units.
(F) Metering.
(G) Customers' meters.
(H) Delivery stations.
(I) Fabricated assemblies in metering and delivery stations.
(j) "Vault" means an underground structure that may be entered and that is designed to contain piping and piping components, such as valves and pressure regulators. The terms "vault"and "pit" are used interchangeably in these rules.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20103 Adoption of documents by reference generally.

Rule 103. (1) Any documents or parts of documents adopted by reference in these rules are a part of these rules as though set out in full. When only a portion of a document is referenced, the remainder is not adopted in these rules.
(2) Copies of all adopted documents are available at the addresses provided in R 460.20602.
(3) The full titles for the publications adopted by reference in these rules are provided in R 460.20603 to R 460.20606. Numbers in parentheses indicate applicable editions of the publications. Earlier editions of documents listed or editions of documents formerly listed in the Michigan gas safety code (R 460.14001 to R 460.14999) or these rules may be used for materials and components manufactured, designed, or installed in accordance with the earlier editions or earlier documents at the time they were listed. The user shall refer to the appropriate previous version of the Michigan gas safety code or these rules for a listing of the earlier listed editions or documents.

(4) Standards and specifications cited in R 460.20603 to R 460.20606 may be supplemented by specific requirements elsewhere in these rules. Users of these rules are advised against attempting direct application of any of these standards without carefully observing the rule's reference to that standard.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20104 Rescission.

Rule 104. R 460.14001 to R 460.14999 of the Michigan Administrative Code, noted on page 1027 of the 1997 Annual Supplement to the 1979 Michigan Administrative Code and appearing on pages 630 to 642 of the 1986 Annual Supplement to the Code, pages 900 to 917, 919 to 921, and 923 to 925 of the 1991 Annual Supplement to the Code, and pages 1175 to 1199 of the 1995 Annual Supplement to the Code, are rescinded.
History: 1999 MR 12, Eff. Jan. 5, 2000.

PART 2. SAFETY STANDARDS AND TESTING REQUIREMENTS

R 460.20201 Pipeline safety standards; adoption by reference.

Rule 201. (1) Except for 49 C.F.R. §192.1, an operator shall ensure that a gas pipeline is in compliance with all of the minimum safety standards contained in 49 C.F.R. part 192 entitled "Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards," which are adopted by reference in R 460.20606.
(2) An operator shall ensure that a pipeline which is subject to the standards specified in subrule (1) of this rule is also in compliance with all of the additional safety standards contained in R 460.20301 to R 460.20331.
(3) In addition to the requirements imposed by subrules (1) and (2) of this rule, an operator shall ensure that a pipeline which transports sour gas is also in compliance with the additional safety standards contained in R 460.20401 to R 460.20405.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20202 Drug and alcohol testing requirements.

Rule 202. (1) An operator shall meet the drug and alcohol testing requirements in 49 C.F.R. part 199 entitled "Drug and Alcohol Testing," which is adopted by reference in R 460.20606.
(2) An operator shall conduct the drug and alcohol testing required by subrule (1) of this rule according to the requirements of 49 C.F.R. part 199 and the procedures prescribed in 49 C.F.R. part 40 entitled "Procedures for Transportation Workplace Drug and Alcohol Testing Programs," which is adopted by reference in R 460.20606.
(3) Subrule (1) of this rule applies only to operators who operate facilities subject to the natural gas pipeline safety act of 1968, 49 U.S.C. §60101 et seq., as amended.
History: 1999 MR 12, Eff. Jan. 5, 2000.

PART 3. ADDITIONAL MINIMUM SAFETY STANDARDS

R 460.20301 Scope.

Rule 301. (1) The rules contained in this part are additional requirements for the design, fabrication, installation, inspection, testing, and safety aspects of the operation and maintenance of gas pipeline facilities operated within the state of Michigan.
(2) Operators of pipeline facilities used in the transportation of gas that are under the jurisdiction of the commission shall meet all of the requirements of 49 C.F.R. §192, which is adopted by reference in R 460.20606, and all of the additional requirements in this part.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20302 Compressor station piping.

Rule 302. (1) An operator shall install and test gas piping, other than instrument, control, and sample piping, in accordance with these rules.

(2) An operator shall identify all emergency valves and controls by signs. An operator shall identify important gas pressure piping by signs or color coding to indicate its function.
(3) An operator shall ensure that fuel gas lines within a compressor station conform to both of the following provisions:
(a) Are provided with master shutoff valves located outside of a building or residential area.
(b) Are equipped with pressure-limiting devices to prevent the maximum allowable operating pressure from being exceeded by more than 10%.
(4) An operator shall equip the air piping within a compressor station that is part of an air starter with a check valve in the starting air line near each engine to prevent backflow from the engine into the air piping system. An operator shall also place a similar check valve in the main air line on the immediate outlet side of the air tank or tanks. An operator shall install equipment for cooling the air and removing the moisture and entrained oil between the starting air compressor and the air storage tank.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20303 Vault and pit sealing, venting, and ventilation.

Rule 303. In addition to the requirements contained in 49 C.F.R. §192.187(a)(3), which is adopted by reference in R 460.20606, an operator shall ensure that the outside end of the ventilation ducts of an underground vault or closed top pit is equipped with a suitable weatherproof fitting or vent head designed to prevent foreign matter from entering or obstructing the duct.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20304 Welding procedures.

Rule 304. In addition to the requirements contained in 49 C.F.R. §192.225, which is adopted by reference in R 460.20606, an operator shall ensure that a welding procedure meets both of the following requirements:
(a) Is qualified under either section IX of the ASME boiler and pressure vessel code, which is adopted by reference in R 460.20604, or section 2 of API standard 1104, which is adopted by reference in R 460.20603, whichever is appropriate to the function of the weld. A welding procedure that qualified under an earlier edition of section IX of the ASME boiler and pressure vessel code or section 2 of API standard 1104 previously listed in appendix A of R 460.14904 or appendix A of 49 C.F.R.
§192 may continue to be used, but shall not be requalified under the earlier edition.
(b) A copy of the welding procedure being followed is on the jobsite when welding is performed.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20305 Welder qualification records.

Rule 305. An operator shall establish and maintain a record of all qualified welders that indicates the date and results of tests. The record shall specifically include the welding procedure for which each welder has qualified. An operator shall make the record available for inspection at each jobsite.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20306 Nondestructive testing.

Rule 306. (1) In addition to the requirements contained in 49 C.F.R. §192.243, which is adopted by reference in R 460.20606, if nondestructive testing is required under 49 C.F.R. §192.243, then an operator shall ensure that 100% of each day's field butt welds are nondestructively tested over their entire circumferences in the following locations:
(a) Regulating stations.
(b) Measuring stations.
(c) Compressor stations.
(2) If it is not practical to test 100% of each day's field butt welds as required by subrule (1) of this rule, then an operator shall nondestructively test not less than 90% of each day's field butt welds. The operator shall randomly select the welds for testing at the locations specified in subrule (1) of this rule.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20307 Welding preheating.

Rule 307. In addition to the requirements contained in 49 C.F.R. §192.235, which is adopted by reference in R 460.20606, if preheating is required, then an operator shall monitor the preheat temperature to ensure that the required preheat temperature is reached before beginning, and is maintained during, the welding operation.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20308 Customer meters and regulators; location.
Rule 308. The requirements contained in 49 C.F.R. §192.353, which is adopted by reference in R 460.20606, are superseded by all of the following provisions:
(a) An operator shall ensure that a customer's meter and regulator installation is located outside the building or shall include an outside above grade riser, except for the following:
(i) A distribution system that operates at 10 psig or less if an outside meter set assembly is not practical.
(ii) A commercial building, industrial building, or apartment building if an outside meter set assembly is not practical.
(iii) Row-type houses or houses where the proximity of adjoining buildings makes outside meter set assemblies impractical.
(b) A service line excluded under subrule (1) of this rule shall include an outside above grade riser, if practical.
(c) If an outside meter set assembly or an outside above grade riser is installed, then the above grade piping shall be designed to prevent an external force that is applied to the service line from being transferred to and damaging the inside piping.
(d) An operator shall install a meter and service regulator, whether inside or outside of a building, in a readily accessible location and shall protect the meter and regulator from corrosion and other damage. An operator shall not install a meter in a bedroom, closet, bathroom, under a combustible stairway, or in an unventilated or inaccessible place.
(e) An operator shall ensure that a service regulator installed in a building is located as near as practical to the point of service line entrance.
(f) An operator shall ensure that a meter installed in a building is located in a ventilated place not less than 3 feet from a source of ignition or heat that might damage the meter.
(g) An operator shall ensure that the upstream regulator in a series is located outside of the building unless it is located in a separate metering or regulating building.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20309 Service lines; valve location.
Rule 309. (1) In addition to the requirements contained in 49 C.F.R. §192.365, which is adopted by reference in R 460.20606, an operator shall ensure that service lines are equipped with a valve located on the service line outside the building if any of the following provisions apply:
(a) The service line operates at a pressure of more than 10 psig.
(b) The service line is 2 inches or larger in diameter.
(c) The service line supplies any of the following:
(i) A hospital.
(ii) A church.
(iii) A theater.
(iv) A school.
(v) A building of public assemblage similar to the buildings listed in paragraphs (i) to (iv) of this subdivision.
(vi) A commercial or industrial building.
(vii) A dwelling that houses more than 4 families.
(2) An operator shall ensure that an outside valve required by subrule (1) of this rule is located aboveground in an accessible place, if feasible. If an aboveground location is not feasible, then the operator shall establish a curb valve or other remote valve is installed.
(3) If a curb valve is installed, then the operator shall establish a planned procedure which permits accurately locating the service line valve within a reasonable period of time when the service line valve is not plainly visible at the surface of the ground during all periods of the year.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20310 Galvanized or aluminum pipe prohibited for direct burial or submerged use.

Rule 310. In addition to the requirements contained in 49 C.F.R. §192.453, which is adopted by reference in R 460.20606, an operator shall not utilize galvanized pipe or aluminum pipe for direct burial or submerged use.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20311 Test requirements for pipelines operating below 100 psig.

Rule 311. The requirements contained in 49 C.F.R. §192.509(b), which is adopted by reference in R 460.20606, are superseded by all of the following provisions:

(a) An operator shall test a main that is to be operated at less than 1 psig to not less than 10 psig.

(b) An operator shall test a main that is to be operated at or above 1 psig, but not more than 60 psig, to not less than 90 psig.

(c) An operator shall test a main that is to be operated at more than 60 psig, but less than 100 psig, to not less than 1 ½ times the proposed maximum allowable operating pressure.

(d) An operator shall ensure that the test pressure is maintained at or above the test pressure requirement for the pipeline being tested for not less than 1 hour. However, the operator shall test a relatively short segment for not less than 30 minutes.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20312 Leak test requirements; service lines.

Rule 312. In addition to the requirements contained in 49 C.F.R. §192.511, which is adopted by reference in R 460.20606, an operator shall test all service lines at the leak test pressures prescribed in 49 C.F.R. §192.511, which is adopted by reference in R 460.20606, for not less than 10 minutes.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20313 Strength test requirements; plastic pipelines.

Rule 313. In addition to the requirements contained in 49 C.F.R. §192.513, which is adopted by reference in R 460.20606, an operator shall maintain the test pressure at or above the test pressure requirement for the pipeline being tested for not less than 1 hour. However, an operator shall test a relatively short segment for not less than 30 minutes, except as provided in R 460.20311.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20314 Test records.

Rule 314. In addition to the requirements contained in 49 C.F.R. §192.517, which is adopted by reference in R 460.20606, an operator shall retain the following test record information:

(a) The proposed maximum operating pressure of the pipeline.

(b) The class location existing at the time of the test of the area in which the pipeline is located.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20315 Leaks occurring during uprating; repairs and monitoring required.

Rule 315. (1) In addition to the requirements contained in 49 C.F.R. §192.553, which is adopted by reference in R 460.20606, if the new and higher maximum allowable operating pressure will be more than 10 psig, then an operator shall expose and repair and monitor a leak that is detected during the uprating operation.

(2) An operator shall file a complete copy of the written plan described in 49 C.F.R. §192.553(c), which is adopted by reference in R 460.20606, with the commission not less than 10 calendar days before commencement of a project.

History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20316 Leakage survey required in addition to requirements in 49 C.F.R. § 192.555(b)(2).

Rule 316. In addition to the requirements contained in 49 C.F.R. §192.555(b)(2), which is adopted by reference in R 460.20606, an operator shall make a leakage survey and repair all leaks found before the operator subjects any segment of a steel pipeline to an operating pressure that will produce a hoop stress of 30% or more of the specified minimum yield strength for the pipeline.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20317 Provisions of 49 C.F.R. § 192.557(b)(2) superseded by leakage survey and repair requirement.

Rule 317. The provisions contained in 49 C.F.R. §192.557(b)(2), which is adopted by reference in R 460.20606, are superseded by the requirement in R 460.20316 that a leakage survey be conducted and that all leaks found be repaired.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20318 Gas leak investigation; establishment of service; customer leak complaint records.

Rule 318. (1) An operator shall conduct an investigation of every gas leak report received as soon as possible. If the investigation reveals a hazardous situation, then the operator shall take immediate action to evacuate, repair, or isolate the facilities involved to reduce any danger to the public.
(2) A distribution utility shall not establish gas service to an applicant until the utility has made a leakage test, using gas at utilization pressure, to ensure that the applicant's fuel line is gastight.
(3) An operator shall keep records of all customer leak complaints and the disposition of the complaints.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20319 Filing of operation and maintenance plan with commission required.

Rule 319. In addition to the requirements contained in 49 C.F.R. §192.605, which is adopted by reference in R 460.20606, an operator shall file the operation and maintenance plan required by 49 C.F.R. §192.605 with the commission. An operator shall file a change in the operation and maintenance plan with the commission within 20 working days after the change is made. An operator shall identify the specific changes.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20320 Damage prevention program; public notification.

Rule 320. (1) In addition to the requirements contained in 49 C.F.R. §192.614, which is adopted by reference in R 460.20606, the damage prevention program required by the provisions of 49 C.F.R. §192.614(a) shall include notification to the public in the vicinity of the pipeline and actual notification to the persons identified in 49 C.F.R. §192.614(c)(1) of the actions to be taken if the pipeline is hit, even if there is no apparent damage to the pipeline.
(2) An operator shall give the notification required by subrule (1) of this rule as often as needed to make the persons required to be notified aware of the damage prevention program, but at least once each calendar year at intervals of not more than 15 months. An operator shall retain copies of the 2 most recent notifications sent to excavators.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20321 Education programs; notification; periodic review.

Rule 321. (1) In addition to the requirements contained in 49 C.F.R. §192.616, which is adopted by reference in R 460.20606, an education program shall provide for notification of the entities listed in 49 C.F.R. §192.616 according to the following schedule:
(a) Appropriate government organizations and persons in excavation activities shall be notified at least annually.
(b) The public in the vicinity of a transmission line shall be notified at least annually.
(c) Customers shall be notified at least annually.
(2) An education program conducted by an operator shall communicate all of the following general information:
(a) Facts about the gas distributed or transported.

(b) The importance of recognizing and reporting a gas emergency.
(c) How to report an emergency to the operator.
(d) What action to take in an emergency or when gas leaks are detected.
(e) How to identify a pipeline marker.
(3) An operator shall periodically review the continuing education program to determine the appropriateness of the information provided and the effectiveness of the techniques used.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20322 Maximum allowable operating pressure of pipeline containing cast-iron pipe.

Rule 322. Notwithstanding the requirement contained in 49 C.F.R. §192.621(a)(3), which is adopted by reference in R 460.20606, a person shall not operate any segment of a pipeline con taining cast-iron pipe that has unreinforced bell and spigot joints at a pressure of more than 10 psig.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20323 Odorization of gas; records maintenance.

Rule 323. In addition to the requirements contained in 49 C.F.R. §192.625, which is adopted by reference in R 460.20606, an operator shall establish and maintain adequate records to establish compliance with the requirements of 49 C.F.R. §192.625, including the quantity of odorant used per million cubic feet of gas and sampling to determine the effectiveness of odorization.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20324 Fenced areas; alternate means of exit.

Rule 324. An operator shall ensure that a fence which may hamper or prevent the escape of persons from the vicinity of a meter or regulator station in an emergency has an alternate means of exit, such as a second gate, exit ladder, or platform.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20325 Transmission line patrolling.

Rule 325. In addition to the requirements contained in 49 C.F.R. §192.705, which is adopted by reference in R 460.20606, at intervals of not more than 6 weeks, but not less than 12 times each calendar year, an operator shall patrol all transmission lines that are operating at 40% or more of specified minimum yield strength to observe surface conditions on, and adjacent to, the transmission line right-of-way for indications of leaks, construction activity, and other factors affecting safety and operation.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20326 Transmission lines; permanent field repair of leaks.

Rule 326. (1) In accordance with the requirements contained in 49 C.F.R. §192.717(a)(3), which is adopted by reference in R 460.20606, an operator shall repair a leak that is due to a corrosion pit or that occurs in a transmission line that is joined by mechanical couplings and that operates at less than 40% of the specified minimum yield strength of the pipeline through any of the following procedures:
(a) The methodology set forth in 49 C.F.R. § 192.717(a)(1).
(b) The methodology set forth in 49 C.F.R. § 192.717(a)(2).
(c) Installation of a properly designed leak clamp.
(2) An operator shall not repair a leak described in subsection 1 of this rule through use of a fillet welded patch.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20327 Distribution system; leakage surveys and procedures.

Rule 327. In addition to the requirements contained in 49 C.F.R. §192.723, which is adopted by reference in R 460.20606, all of the following requirements apply:
(a) A gas leak located by a survey that, due to its location or relative magnitude, constitutes a hazard or potential hazard to the public or to buildings shall receive immediate corrective action. Immediate

corrective action shall consist of an immediate effort to protect life and property and continuous remedial action thereafter until the condition is no longer hazardous.
(b) An operator shall schedule a gas leak which does not constitute an immediate hazard to the public or to buildings, but which requires scheduled repair within the operator's maintenance plan, for repair within 1 year.
(c) An operator shall ensure that a gas leak which is located by a survey, other than a leak covered by subdivision (a) or (b) of this rule, is subjected to regular surveillance at least annually.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20328 Pressure-limiting and pressure-regulating stations; inspection and testing.

Rule 328. In addition to the requirements contained in 49 C.F.R. §192.739, which is adopted by reference in R 460.20606, an operator shall tag a pressure-limiting or pressure-relief device installed to provide overpressure protection to a transmission line or distribution main to indicate the maximum allowable operating pressure of the facilities being protected and the set pressure or shall make a record of the information available at each location.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20329 Valve maintenance; distribution systems.

Rule 329. In addition to the requirements contained in 49 C.F.R. §192.747, which is adopted by reference in R 460.20606, an operator shall partially operate a valve that may be necessary for the safe operation of a distribution system at intervals of not more than 15 months, but at least once each calendar year.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20330 Prevention of accidental ignition.

Rule 330. In addition to the requirements contained in 49 C.F.R. §192.751, which is adopted by reference in R 460.20606, before welding in or around a vault, pit, or other structure or area containing gas facilities, an operator shall make a thorough check to determine the possible presence of a combustible gas mixture. Welding shall begin only when safe conditions are indicated.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20331 Caulked bell and spigot joints.

Rule 331. In addition to the requirements contained in 49 C.F.R. §192.753, which is adopted by reference in R 460.20606, an operator shall seal a cast-iron, caulked bell and spigot joint subject to pressures of more than 10 psig with either of the following:
(a) A mechanical leak clamp.
(b) A material or device that has all of the following characteristics:
(i) Does not reduce the flexibility of the joint.
(ii) Permanently bonds, either chemically or mechanically, or both, with the bell and spigot metal surfaces or adjacent pipe metal surfaces.
(iii) Seals and bonds in a manner that meets the strength, environmental, and chemical compatibility requirements of 49 C.F.R. §192.53 and 49 C.F.R. §192.143, which are adopted by reference in R 460.20606.
History: 1999 MR 12, Eff. Jan. 5, 2000.

PART 4. SOUR GAS PIPELINES

R 460.20401 Scope.

Rule 401. (1) The rules in this part are additional requirements for the design, fabrication, installation, inspection, testing, and safety aspects of the operation and maintenance of gas pipeline facilities used in the transportation of sour gas.
(2) Operators of pipeline facilities used for the transportation of sour gas that are under the jurisdiction of the commission shall meet all of the requirements in parts 2 and 3 of these rules and all of the additional requirements in this part.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20402 Materials for pipe and components; requirements.

Rule 402. An operator shall ensure that materials for pipe and components used to transport sour gas are able to maintain the structural integrity of the pipeline when exposed to sour gas.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20403 Steel pipe; qualification for transport of sour gas.

Rule 403. An operator shall ensure that new steel pipe used to transport sour gas shall be qualified for the transport of sour gas.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20404 Purging of pipelines; plan; personnel.

Rule 404. An operator shall ensure that the purging or blowing down of sour gas pipelines is done in accordance with a written plan. The plan shall include public and operator personnel safety and environmental protection considerations. Properly equipped personnel who are trained and familiar with the potential hazards of sour gas shall perform purging and blowing down operations.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20405 Valves; qualification for sour gas service.

Rule 405. An operator shall ensure that valves to be used for sour gas service are qualified for sour gas service in accordance with the provisions of the National Association of Corrosion Engineers International standard MR0175-98, which is adopted by reference in R
460.20605.
History: 1999 MR 12, Eff. Jan. 5, 2000.

PART 5. RECORDS AND REPORTS

R 460.20501 Records.

Rule 501. (1) An operator shall maintain the information generated by any recordkeeping requirement in these rules within the state at the operating headquarters office of each service area and shall make the information available to the commission and its staff for inspection and copying upon request.
(2) An operator shall maintain all of the following additional records:
(a) Maps and records showing the locations of pipelines and service lines, including lines that have been abandoned but not removed.
(b) An up-to-date schematic drawing of station piping, which shall be available at each aboveground pressure-regulating station containing buried station components.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20502 Reports.

Rule 502. (1) An operator or other person proposing to construct a gas metering or regulating facility, a gas treatment plant, a gas production plant, a gas transmission line having a maximum operating pressure that will result in a hoop stress of 30% or more of specified minimum yield strength, or a gas compressor station connected to any part of a transmission line shall not less than 60 days before starting construction, file all of the following data with the commission:
(a) A map showing the proposed route of the line on a scale not less than 3/8 of an inch to 1 mile.
(b) Engineering specifications covering design, construction, materials, and testing and operating pressures.
(c) Certification that the facilities will be in compliance with the requirements of these rules.
(2) An application for a certificate of public convenience and necessity filed under Act No. 9 of the Public Acts of 1929, as amended, being §§483.101 et seq. of the Michigan Compiled Laws, meets the requirements of subrule (1) of this rule.
(3) Within 60 days following the completion of construction and testing of facilities covered by subrules (1) and (2) of this rule, an operator shall file a report with the commission giving details of the test pressures applied and the dates of the tests, the results of the tests, including leaks and failures, and a route map of

the "as-built" facility.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20503 Reports of incidents; telephonic notice to the commission.

Rule 503. (1) At the earliest practicable moment following discovery, an operator shall give notice to the commission staff of any of the following situations:
(a) An incident that is reportable in accordance with 49 C.F.R. §191.5, which is adopted by reference in R 460.20606.
(b) An event involving property damage of $10,000.00 or more affecting the safe operations of the pipeline system regardless of whether there was a release of gas.
(c) An event resulting in the loss of service to more than 100 customers.
(d) An event involving a customer's gas facility that results in a fatality or an explosion causing structural damage.
(e) An event that receives or is likely to receive extensive news coverage or is significant in the judgment of the operator, even though it did not meet the criteria of subdivisions (a), (b), (c), or (d) of this subrule. This subdivision is not subject to the penalty provisions of section 11 of Act No. 165 of the Public Acts of 1969, being §483.161 of the Michigan Compiled Laws.
(2) If additional information is received by the operator after the initial report that indicates a different cause, more serious injury, or more serious property damage than was initially reported, then the operator shall make a supplemental telephone report to the commission staff as soon as practicable.
(3) When requested by the commission staff, an operator shall supplement a report made in accordance with subrule (1) of this rule within a reasonable time, with a written report giving full details, such as the cause of the incident or occurrence, the extent of injuries or damage, and the steps taken, if any, to prevent a recurrence of the incident or occurrence.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20504 Address for written reports.

Rule 504. An operator shall concurrently submit a written report that is required to be filed with any federal agency by 49 C.F.R. §§191.9, 191.11, 191.13, 191.15, 191.17, 191.23, or 191.25, which are adopted by reference in R 460.20606, to the commission at P.O. Box 30221, Lansing, Michigan 48909.
History: 1999 MR 12, Eff. Jan. 5, 2000.

PART 6. ADOPTION OF STANDARDS

R 460.20601 Adoption by reference.

Rule 601. (1) The publications listed in R 460.20603 to R 460.20606 are adopted by reference and are a part of these rules, except where they are inconsistent with these rules. Publications identified as published by a specific organization are available from the organization at the address specified in R 460.20602. The public service commission also has copies of the publications available for inspection and distribution at cost at its offices located at 6545 Mercantile Way, Lansing, Michigan 48911. The mailing address is Michigan Public Service Commission, Gas Division, P.O. Box 30221, Lansing, Michigan 48909.
(2) The numbers in parentheses following the publications adopted by reference indicate the applicable editions.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20602 Names, addresses, and phone numbers of organizations.

Rule 602. The names, addresses, and phone numbers of organizations that sponsor and publish documents that have been adopted by reference in these rules are as follows:
(a) American Petroleum Institute (API), 1220 L Street, NW, Washington, DC 20005, ((202) 682-8375).
(b) American Society of Mechanical Engineers (ASME), Three Park Avenue, New York, New York, 10016-5990, ((212) 591-7000) or ((800) 843-2763), or contact its publishing division, 22 Law Drive, P.O. Box 2900, Fairfield, New Jersey, 07007, ((201) 882-1167).
(c) National Association of Corrosion Engineers International (NACE), 1400 South Creek Drive, Houston,

Texas 77084-4906, ((281) 228-6200).
(d) Office of Pipeline Safety, Research and Special Programs Administration (OPS), 400 Seventh Street SW, Washington, DC 20590, ((202) 366-1640). To order a standard published in the Code of Federal Regulations (C.F.R.), contact the Government Printing Office, Superintendent of Documents, Attention: New Orders, P.O. Box 371954, Pittsburgh, PA 15250-7954, ((202) 512-1803).
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20603 American petroleum institute standard; adoption by reference.

Rule 603. The following American petroleum institute standard is adopted by reference in these rules and is available at the price listed:
API standard 1104 entitled "Welding of Pipelines and Related Facilities," (18th edition, 1994), at a cost as of the time of adoption of these rules of $85.00.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20604 American society of mechanical engineers standard; adoption by reference.

Rule 604. The following American society of mechanical engineers standard is adopted by reference in these rules and is available at the price listed:
ASME boiler and pressure code, section IX, entitled "Welding and Brazing Qualifications," (1995 edition with 1995 addenda), at a cost as of the time of adoption of these rules of $210.00.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20605 National association of corrosion engineers international standard; adoption by reference.

Rule 605. The following national association of corrosion engineers international standard is adopted by reference in these rules and is available at the price listed:
NACE MR0175-98 entitled "Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment," (1998 edition), at a cost as of the time of adoption of these rules of $40.00 or, if a member, $30.00.
History: 1999 MR 12, Eff. Jan. 5, 2000.

R 460.20606 Office of pipeline safety, research and special programs administration standards; adoption by reference.

Rule 606. (1) The following office of pipeline safety, research and special programs administration standard is adopted by reference in these rules and is available at the price listed:
49 C.F.R. part 40 entitled "Procedures for Transportation Workplace Drug and Alcohol Testing Programs," (1998 edition), at a cost as of the time of adoption of these rules of $31.00.
(2) The following office of pipeline safety, research and special programs administration standards are adopted by reference in these rules and are available at a cost as of the time of adoption of these rules of $11.00 for a single volume that contains all of the standards:
(a) 49 C.F.R. part 191 entitled "Transportation of Natural and Other Gas by Pipeline: Annual Reports, Incident Reports, and Safety-related Condition Reports," (1998 edition).
(b) 49 C.F.R. part 192 entitled "Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards,"(1998 edition).
(c) 49 C.F.R. part 199 entitled "Drug and Alcohol Testing," (1998 edition).
History: 1999 MR 12, Eff. Jan. 5, 2000.

DEPARTMENT OF TRANSPORTATION

BUREAU OF URBAN AND PUBLIC TRANSPORTATION

STATE RAIL LINE DIVESTITURE

R 474.51 Rescinded.

History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.52 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan 3, 2000.

R 474.53 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.54 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.55 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.56 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.57 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; resinded 1999 MR 12, Eff. Jan. 3, 1999.

R 474.58 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

R 474.59 Rescinded.
History: 1997 MR 4, Eff. May 15, 1997; rescinded 1999 MR 12, Eff. Jan. 3, 2000.

MOTOR BUS TRANSPORTATION

R 474.101
Source: 1985 AACS.

R 474.102
Source: 1985 AACS.

R 474.103
Source: 1985 AACS.

R 474.104
Source: 1985 AACS.

R 474.105
Source: 1985 AACS.

R 474.106
Source: 1985 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

PUBLIC SERVICE COMMISSION

TELECOMMUNICATION SERVICES

PART 1. GENERAL PROVISIONS

R 484.1
Source: 1996 AACS.

R 484.2
Source: 1996 AACS.

PART 2. RECORDS AND REPORTS

R 484.21
Source: 1996 AACS.

R 484.22
Source: 1996 AACS.

R 484.23
Source: 1996 AACS.

R 484.24
Source: 1996 AACS.

PART 3. CUSTOMER RELATIONS

R 484.31
Source: 1996 AACS.

R 484.32
Source: 1996 AACS.

R 484.33
Source: 1996 AACS.

R 484.34
Source: 1996 AACS.

PART 4. ENGINEERING

R 484.41
Source: 1996 AACS.

R 484.42
Source: 1996 AACS.

R 484.43
Source: 1996 AACS.

R 484.44
Source: 1996 AACS.

PART 5. MAINTENANCE

R 484.51
Source: 1996 AACS.

R 484.52
Source: 1996 AACS.

R 484.53
Source: 1996 AACS.

R 484.54
Source: 1996 AACS.

PART 6. QUALITY OF SERVICE

R 484.61
Source: 1996 AACS.

R 484.62
Source: 1996 AACS.

R 484.63
Source: 1996 AACS.

R 484.64
Source: 1996 AACS.

R 484.65
Source: 1996 AACS.

R 484.66
Source: 1996 AACS.

R 484.67
Source: 1996 AACS.

OPERATOR SERVICE PROVIDERS

R 484.101
Source: 1996 AACS.

R 484.102
Source: 1996 AACS.

R 484.103
Source: 1996 AACS.

R 484.104
Source: 1996 AACS.

R 484.105
Source: 1996 AACS.

R 484.106
Source: 1996 AACS.

R 484.107
Source: 1996 AACS.

R 484.108
Source: 1996 AACS.

R 484.109
Source: 1996 AACS.

R 484.110
Source: 1996 AACS.

R 484.111
Source: 1996 AACS.

R 484.112
Source: 1996 AACS.

PAYPHONE SERVICE

R 484.151
Source: 1996 AACS.

R 484.152
Source: 1996 AACS.

R 484.153
Source: 1996 AACS.

R 484.154
Source: 1996 AACS.

R 484.155
Source: 1996 AACS.

R 484.156
Source: 1996 AACS.

R 484.157
Source: 1996 AACS.

R 484.158
Source: 1996 AACS.

PRIVACY STANDARDS FOR TELECOMMUNICATION SERVICES

R 484.201
Source: 1996 AACS.

R 484.202
Source: 1996 AACS.

R 484.203
Source: 1996 AACS.

R 484.204
Source: 1996 AACS.

R 484.205
Source: 1996 AACS.

R 484.206
Source: 1996 AACS.

R 484.207
Source: 1996 AACS.

R 484.208
Source: 1996 AACS.

BILLING STANDARDS FOR BASIC RESIDENTIAL TELECOMMUNICATION SERVICE

PART 1. GENERAL PROVISIONS

R 484.301
Source: 1996 AACS.

R 484.302
Source: 1996 AACS.

R 484.303
Source: 1996 AACS.

PART 2. PROHIBITED ACTIVITIES

R 484.321
Source: 1996 AACS.

R 484.322
Source: 1996 AACS.

PART 3. BILLING AND PAYMENT STANDARDS

R 484.331
Source: 1996 AACS.

R 484.332
Source: 1996 AACS.

R 484.333
Source: 1996 AACS.

R 484.334
Source: 1996 AACS.

R 484.335
Source: 1996 AACS.

R 484.336
Source: 1996 AACS.

R 484.337
Source: 1996 AACS.

PART 4. SECURITY DEPOSITS, SERVICE OBLIGATIONS, AND PREPAYMENT OF SERVICES

R 484.341
Source: 1996 AACS.

R 484.342
Source: 1996 AACS.

PART 5. CUSTOMER ACCESS TO INFORMATION

R 484.351
Source: 1996 AACS.

R 484.352
Source: 1996 AACS.

R 484.353
Source: 1996 AACS.

PART 6. INVESTIGATIONS AND INFORMAL COMPLAINT PROCEDURES

R 484.361
Source: 1996 AACS.

R 484.362
Source: 1996 AACS.

PART 7. FORMAL COMPLAINTS

R 484.371
Source: 1996 AACS.

R 484.372
Source: 1996 AACS.

R 484.373
Source: 1996 AACS.

PART 8. SHUTOFF OF SERVICE

R 484.381
Source: 1996 AACS.

R 484.382
Source: 1996 AACS.

R 484.383
Source: 1996 AACS.

R 484.384
Source: 1996 AACS.

R 484.385
Source: 1996 AACS.

R 484.386
Source: 1996 AACS.

FINANCIAL INSTITUTIONS BUREAU

APPRAISALS FOR REAL ESTATE LOANS

R 487.41—R 487.43
Source: 1997 AACS.

SMALL LOAN LICENSEES

R 487.71—R 487.91
Source: 1997 AACS.

INTEREST ON DEMAND DEPOSITS

R 487.111
Source: 1997 AACS.

HEARINGS

R 487.121—R 487.126
Source: 1997 AACS.

APPLICATION PROCEDURE FOR CHARTER, LICENSE, AND OTHER GRANTS OF AUTHORITY

R 487.201—R 487.209
Source: 1997 AACS.

COMMENT ON OR PETITION FOR PROMULGATION, AMENDMENT, OR RESCISSION OF RULES

R 487.251—R 487.256
Source: 1997 AACS.

BANKS

PART 1. GENERAL PROVISIONS

R 487.601—R 487.619
Source: 1997 AACS.

PART 4. PURCHASE OF INVESTMENT SECURITIES

R 487.641—R 487.651
Source: 1997 AACS.

PART 6. LOANS TO EXECUTIVE OFFICERS

R 487.671—R 487.674
Source: 1997 AACS.

PART 8. DEPOSIT OF SECURITIES WITH STATE TREASURER AS SECURITY FOR TRUST CREDITORS

R 487.691—R 487.693
Source: 1997 AACS.

COLLECTIVE INVESTMENT OF FIDUCIARY FUNDS

R 487.901—R 487.915
Source: 1997 AACS.

BANKS

PART 1. GENERAL PROVISIONS

R 487.1101 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1102 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

PART 2. ADMINISTRATION

R 487.1201 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1202 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1203 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1204 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1210 RESCINDED.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

PART 4. POWERS

R 487.1410 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1420 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1421 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1422 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1423 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1424 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1425 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; 1986 MR 2, Eff. Mar. 14, 1986; 1995 MR 6, Eff. June 28, 1995; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1426 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1427 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1430 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

PART 5. REGULATION

R 487.1501 Rescinded.

History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1502 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

R 487.1503 Rescinded.
History: 1979 ACS 12, Eff. Oct. 14, 1982; rescinded 2000 MR 11, Eff. Aug. 15, 2000.

PART 8. RESCISSION

R 487.1801
Source: 1982 AACS.

DEPARTMENT OF TREASURY
BUREAU OF MANAGEMENT SERVICES
STATE DIRECT DEPOSIT PROCESS

R 487.2101
Source: 1994 AACS.

R 487.2102
Source: 1994 AACS.

R 487.2103
Source: 1994 AACS.

R 487.2104
Source: 1994 AACS.

R 487.2105
Source: 1994 AACS.

R 487.2106
Source: 1994 AACS.

R 487.2107
Source: 1994 AACS.

R 487.2108
Source: 1994 AACS.

R 487.2109
Source: 1994 AACS.

R 487.2110
Source: 1994 AACS.

DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
FINANCIAL INSTITUTIONS BUREAU
SAVINGS AND LOAN ASSOCIATIONS

R 489.545—R 489.812
Source: 1997 AACS.

CREDIT UNIONS

R 490.1
Source: 1995 AACS.

R 490.2
Source: 1995 AACS.

R 490.4
Source: 1995 AACS.

R 490.5
Source: 1995 AACS.

R 490.6
Source: 1995 AACS.

R 490.9
Source: 1995 AACS.

R 490.10
Source: 1987 AACS.

R 490.11
Source: 1997 AACS.

R 490.11a
Source: 1987 AACS.

R 490.12
Source: 1995 AACS.

R 490.15
Source: 1997 AACS.

R 490.15a
Source: 1995 AACS.

R 490.16
Source: 1995 AACS.

R 490.17
Source: 1995 AACS.

R 490.21
Source: 1997 AACS.

R 490.22
Source: 1997 AACS.

R 490.23
Source: 1997 AACS.

R 490.25
Source: 1997 AACS.

R 490.31
Source: 1997 AACS.

R 490.41
Source: 1987 AACS.

R 490.51
Source: 1995 AACS.

R 490.52
Source: 1995 AACS.

R 490.82
Source: 1980 AACS.

R 490.94
Source: 1995 AACS.

R 490.95
Source: 1981 AACS.

R 490.96
Source: 1981 AACS.

R 490.97
Source: 1981 AACS.

R 490.98
Source: 1981 AACS.

R 490.99
Source: 1995 AACS.

R 490.101
Source: 1997 AACS.

R 490.102
Source: 1997 AACS.

R 490.103
Source: 1997 AACS.

R 490.104
Source: 1997 AACS.

R 490.105
Source: 1997 AACS.

SAVINGS AND LOAN ASSOCIATIONS

R 491.101
Source: 1981 AACS.

R 491.110
Source: 1981 AACS.

R 491.115
Source: 1981 AACS.

R 491.120
Source: 1981 AACS.

R 491.125
Source: 1981 AACS.

R 491.130
Source: 1981 AACS.

R 491.135
Source: 1981 AACS.

R 491.140
Source: 1981 AACS.

R 491.145
Source: 1981 AACS.

R 491.150
Source: 1981 AACS.

R 491.155
Source: 1981 AACS.

R 491.160
Source: 1981 AACS.

R 491.165
Source: 1981 AACS.

R 491.170
Source: 1981 AACS.

R 491.175
Source: 1981 AACS.

R 491.180
Source: 1981 AACS.

R 491.185
Source: 1981 AACS.

R 491.190
Source: 1981 AACS.

R 491.195
Source: 1981 AACS.

R 491.197
Source: 1981 AACS.

REGULATORY LOAN LICENSEES

R 493.1
Source: 1981 AACS.

R 493.5
Source: 1983 AACS.

R 493.10
Source: 1983 AACS.

R 493.11

Source: 1983 AACS.

R 493.12
Source: 1983 AACS.

R 493.13
Source: 1983 AACS.

R 493.14
Source: 1983 AACS.

R 493.15
Source: 1983 AACS.

R 493.16
Source: 1983 AACS.

R 493.20
Source: 1997 AACS.

R 493.95
Source: 1981 AACS.

SECONDARY MORTGAGE LICENSEES

R 493.101 Definitions.

Rule 1. (1) As used in these rules, "act" means Act No. 125 of the Public Acts of 1981, being §493.51 et seq. of the Michigan Compiled Laws.
(2) Terms defined in the act have the same meanings when used in these rules.
History: 1979 ACS 13, Eff. Dec. 22, 1982; 1999 MR 10, Eff. Nov. 9, 1999.

R 493.102 Rescinded.
History: 1979 ACS 13, Eff. Dec. 22, 1982; rescinded 1999 MR 10, Eff. Nov. 9, 1999.

R 493.110 Rescinded.
History: 1979 ACS 13, Eff. Dec. 22, 1982; rescinded 1999 MR 10, Eff. Nov. 9, 1999.

R 493.111 Records; daily transactions; borrowers; foreclosure loan accounts; location of records.

Rule 11. (1) A licensee or registrant shall maintain a record of all transactions covered by the act involving receipt or disbursement of money by the licensee or registrant each day. The record shall identify each transaction and show all of the following:
(a) All payments received, shown separately.
(b) Account numbers.
(c) Names of borrowers.
(d) Amounts disbursed.
A licensee or registrant shall post and balance the record daily.
(2) A servicer shall maintain a record for each borrower. The record shall contain all of the following information:
(a) Borrower's name and address.
(b) Loan number.
(c) Loan amount.
(d) The date any adjustment is made to the contract rate and the adjusted rate.
(e) Loan date.
(f) Contract rate.
(g) Repayment terms.

(h) Address of security.
(i) Any amount received or withheld from the borrowers as a premium for insurance in connection with the loan and the term covered by the insurance policy.
(j) The dates and amounts of all principal payments received, interest charges received, and cash disbursements pertaining to the loan, including court costs.
(k) The date to which interest charges are paid and the unpaid principal balance.
(l) Description and amount of fees collected from the borrower.
(3) A licensee or registrant shall maintain a list of all foreclosure loan accounts.
(4) A licensee or registrant shall store and make available, at the address appearing on the licensee's or registrant's license or registration certificate, all records maintained on transactions covered by the act. A licensee or registrant may store records at a site other than the address appearing on the licensee's or registrant's license or registration certificate if the licensee or registrant provides the commissioner with a notice of the site's address indicating which records are stored at the site's address.
History: 1979 ACS 13, Eff. Dec. 22, 1982; 1999 MR 10, Eff. Nov. 9, 1999.

R 493.112 Records; errors.

Rule 12. A licensee or registrant shall maintain a list of all loan records maintained under R 493.111 in which errors were made. A licensee or registrant shall provide, if requested for examination purposes, the date, nature, and amount of an error and its correcting entry.
History: 1979 ACS 13, Eff. Dec. 22, 1982; 1999 MR 10, Eff. Nov. 9, 1999.

R 493.113 Correspondence; retention by licensed office.

Rule 13. A licensee or registrant shall retain all written correspondence between the bureau and the licensee or registrant for a period of not less than 2 years.
History: 1979 ACS 13, Eff. Dec. 22, 1982; 1999 MR 10, Eff. Nov. 9, 1999.

R 493.114 Rescinded.

History: 1979 ACS 13, Eff. Dec. 22, 1982; rescinded 1999 MR 10, Eff. Nov. 9, 1999.

R 493.120 Rescinded.

History: 1979 ACS 13, Eff. Dec. 22, 1982; rescinded 1999 MR 10, Eff. Nov. 9, 1999.