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This detailed guide was provided to GamblingCompliance by [Regulatory Management Counselors, P.C.](#) who are:

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Introduction

The Michigan Gaming Control and Revenue Act (the "Act") and the Michigan Gaming Control Board Rules (the "Rules") regulate providers of gaming and non-gaming goods and services to Detroit casino license applicants and casino licensees. The Michigan Gaming Control Board (the "Board") has also adopted resolutions which provide guidance as to the proper interpretation of the Act and Rules governed by the board.

The Act broadly provides that any person or entity "that supplies equipment, devices, supplies or services to a licensed casino shall first obtain a supplier's license." The Board has implemented this provision of the Act by creating a series of categories for suppliers of goods and services and establishing Rules and adopting policies regarding each of these categories.

Under the Act and the Rules, a "supplier" is defined as a person who provides a casino licensee or casino enterprise with goods or services regarding realty, construction, maintenance, or business of a proposed or existing casino, casino enterprise, or related facility on a regular or continuing basis. Supplier groups include, but are not limited to, persons who engage in junket enterprises, security businesses, manufacturers, distributors, persons who service gaming devices or equipment, garbage haulers, maintenance companies, food purveyors, and construction companies.

At its most basic level, the Board has first distinguished between providers of gaming related equipment and services and providers of goods and services not directly related to gaming. In addition, the Board has adopted policies relating to providers of construction related goods and services in recognition of the fact that the casino construction projects may involve construction managers, one or more general contractors, several prime contractors and many subcontractors. Finally, in the case of providers of non-gaming goods and services, the Board has adopted Rules and policies which establish dollar thresholds which serve as a triggering mechanism for determining what type of registration or licensure the provider must obtain from the Board.

It is imperative that a prospective provider of goods or services to a casino license applicant (which includes a holder of a Certificate of Suitability) or a casino licensee carefully review the Rules and policies established by the Board. The provider must fully comply with these Rules and policies before commencing work for the casino license applicant or casino licensee since the Rules mandate that casino license applicants and casino licensees shall only purchase, lease or otherwise acquire goods and services that are covered by the Rules from businesses which have been properly licensed or registered by the Board. However, a prospective provider may begin negotiations

with the casino license applicant or casino licensee before initiating the Board registration/licensure process.

The Board has developed a series of application forms for use by prospective providers. The provider must determine which of the forms is appropriate for use by the provider under the particular facts and circumstances of that provider's agreement to provide goods or services and then must timely complete and file the required forms with the Board. Completed applications can not be submitted to the Board for processing until the casino license applicant or casino licensee has determined either that the provider's goods or services will be used or that the provider is a potential provider of goods or services which may be used if its bid proposal meets the requirements established by the casino license applicant or casino licensee. For more information pertaining to licensing requirements, please feel free to visit www.michigangaming.com.

Supplier Licensing Requirements

Suppliers of Gaming-Related Goods and Services

The Rules provide that no person may supply or provide goods or services to a casino license applicant or a casino licensee if the goods or services are directly related to gaming or directly affect the play and results of gambling games authorized, conducted, and played under the Act and the Rules unless the person holds a gaming-related supplier's license. There is no dollar threshold for the goods and services provided by gaming-related suppliers.

In the event that there is uncertainty regarding whether a provider will be considered a provider of gaming-related goods and services or non-gaming goods and services, an inquiry should be made to the Board staff setting forth the specific facts and circumstances surrounding the goods and services in question. The Board staff will then determine whether the provider will be required to obtain a gaming-related supplier license based upon determining if the provider manufactures, supplies or distributes devices, machines, equipment or other items or provides services which:

1. Are specifically designed for use in the conduct of gaming;
2. Are needed to conduct gaming;
3. Have the capacity to affect the outcome of the play of a gambling game; or
4. Have the capacity to affect the calculation, storage, collection or control of gross receipts.

A provider must be licensed as a gaming-related supplier if the provider:

- Services or repairs electronic or live gambling devices, machines, equipment, items or articles used in gaming;
- Provides services directly related to the operation, security, surveillance, regulation or management of gaming in a casino; or
- Provides such 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.⁸

Board Resolution No. 2006-01, as adopted on June 29, 2006, requires gaming-related supplier licensing of "all persons providing gaming-related goods or services for the construction or operation of a casino or casino enterprise."⁹

If a supplier or service provider meets one or more of the criteria listed above, the supplier/service provider must obtain a gaming-related supplier license before providing goods or services to a casino licensee or casino license applicant.

Providers that are always required to obtain a gaming-related supplier license under the Act include, without limitation, the following: manufacturers, suppliers, distributors, servicers, and repairers of slot machines, electronic gaming devices and machines, cards, dice, gaming chips, gaming plaques, slot tokens, prize tokens, dealing shoes, drop boxes, computerized gaming monitoring systems, bill exchangers, credit voucher machines and other devices, machines, equipment, items or articles utilized in gaming; providers of casino credit reporting services, and casino surveillance and security systems and services.¹⁰

Suppliers of Non-Gaming-Related Goods and Services

The Rules provide that no person or entity “may regularly supply or provide” goods or services to a casino licensee, casino license applicant regarding the realty, construction, maintenance, operation or business of a casino or casino enterprise if the goods or services are not directly related to, or used in connection with or affect gaming, unless the person holds a supplier's license.¹¹ A “casino enterprise” means the buildings, facilities or rooms functionally or physically connected to a casino, including, but not limited to, any bar, restaurant, hotel, cocktail lounge, retail establishment or arena or any other facility located in a city under the control of a casino licensee or affiliated company.¹²

Unless otherwise exempted by Board Rules or policies, a provider that provides any of the following goods and services to casino license applicants or casino licensees on a “regular and continuing basis” above certain Board-determined dollar thresholds must request and obtain a supplier license before providing any goods or services to a casino licensee: alcoholic beverages; food and non-alcoholic beverages; gaming table layouts; non-value gaming chip sorters; garbage handling and pickup; vending machines; linen supplies; laundry services; landscaping; janitorial and building maintenance services; management and operation of casino enterprises and junket enterprises; limousine services; real estate and building and construction services; and junket representatives.¹³

The exemptions from requiring licensure or registration, which are discussed in future sections of this reading, have to date been narrowly construed by the Board staff.

In 1998, the Michigan Gaming Control Board adopted its first resolution relating to the registration and licensing of non-gaming suppliers. The Board subsequently adopted directives in Board Resolutions No. 1998-07, No. 1998-09, No. 2003-07, No. 2005-03, and Executive Director Order No. 1998-01 which further clarified the licensing of non-gaming companies. Most recently in 2006, the board rescinded and superseded them and issued Board Resolution 2006-01 to comprehensively address the issue.

“Regular and Continuing Basis” Threshold for Non-Gaming Goods and Services

Persons under the Act will be deemed to be transacting business with, and providing the foregoing non-gaming-related goods and services to, a casino licensee or holder of a certificate of suitability, on a “regular and continuing basis,” if the total dollar amount of such non-gaming-related business transactions with one licensee or holder of a certificate of suitability will be equal to or greater than \$200,000, or equal to or greater than \$400,000 with two or more casino operator licensees (including holders of Certificates of Suitability) within any 12-month period.

In the event that the contractual relationship between the supplier and the casino license applicant or casino licensee does not permit the supplier to determine, in the reasonable exercise of commercial business judgment, whether the supplier will meet the monetary threshold provided above, then the supplier will have the affirmative duty to monitor its total dollar amount of business with casino license applicants and casino licensees, and if the monetary threshold is met, the supplier must either:

- Apply for a supplier's license within 30 days of meeting the monetary threshold; or
- Cease doing business with the casino licensees and/or holder(s) of certificates of suitability.¹⁵

Casino Construction Suppliers

In order to clarify its policy regarding construction supplier licensing as applied to the construction of the temporary and permanent casinos, the Board adopted a resolution specifically dealing with licensing of casino construction suppliers.

Under Board Resolution No. 2006-01, the Board will require Supplier Licensing of:

1. All persons providing gaming-related goods or services for the construction or operation of a casino or casino enterprise;
2. All persons providing non-gaming-related goods or services for the construction or operation of a casino or casino enterprise where the person is a party to an agreement with a casino licensee, casino license applicant, or holder of a certificate of suitability and the annual dollar amount of business is equal to or greater than \$200,000 within a 12-month period (or is equal to or greater than \$400,000 within a 12-month period if the person is a party to agreements with more than one casino licensee, casino license applicant, or holder of a Certificate of Suitability);
3. All private contractors, which means any person who is a party to a contract(s) or subcontract(s) with another contractor(s) for a major portion of a casino construction project as defined by the CSI Master Format Division and Subdivision, and whose contract amount exceeds \$500,000, exclusive of cost of material purchases or equipment rentals, within any 12-month period; (or exceeds \$1 million, exclusive of cost of material purchases or equipment rentals, within any 12-month period, if the party is working on more than one casino construction project); and
4. All other persons providing goods or services for the construction or operation of a casino or casino enterprise when deemed necessary to protect the public interest.¹⁶

All persons providing goods or services for construction of a casino or casino enterprise in excess of \$50,000 in any 12-month period are considered vendors and must complete and submit a vendor notification and disclosure to the Board (see Vendors, below). All non-licensed persons providing goods or services may be subject to a background investigation to the same extent as those required to be licensed as a supplier.¹⁷

With respect to subcontractors, the Board requires subcontractors to comply with the licensing requirements, and the Board has the right to require a subcontractor providing goods and services to any casino project to complete the licensing process.

Finally, the Board has established a Casino Construction Project Monitoring Team to review and inspect the casino construction contractor selection process and project meetings, casino construction contract documents and related materials and the casino construction project work site.¹⁸ The team will conduct reviews of construction and financial records and verify the registration of construction site licensees and vendors. Licensees must provide the team with adequate space from which to operate while on the construction site.

Except as otherwise permitted by the Board, casino licensees must purchase goods or services only from persons or entities covered by the Rules who are licensed suppliers.¹⁹ In the event that a provider of goods or services does not comply with the Rules and policies which have been adopted by the Board, the Board will notify the casino license applicants and casino licensees of the provider's non-compliance and the casino license applicants and casino licensees must immediately terminate their contractual service and/or supply relationship.

Vendors

The Board requires anyone providing non-gaming related goods or services in excess of \$50,000 in any 12-month period to complete a Vendor Notification and Disclosure Form and obtain a vendor identification number from the Board prior to commencing business with a casino license applicant or casino licensee.

The casino license applicant or casino licensee will then submit the Vendor Notification and Disclosure Form to the Board. The Board will review the Vendor Notification and Disclosure Form and, if the Board determines that the provider meets the standards established by the Act and the Rules, the Board staff will issue the provider a vendor identification number. Once the vendor identification number has been issued to the provider, the provider can supply goods and perform services for the casino license applicant or casino licensee. However, the Board reserves the right to subsequently require the provider to go through the complete supplier licensing process.

A vendor must submit to the Board an application for a Supplier License within 30 days if any of the following conditions exist:

- A vendor has a direct contract with a casino developer/ operator that exceeds \$200,000 in any 12-month period;
- A vendor has contracts with more than one casino developer/operator that combined exceed \$400,000 in any 12-month period;
- A construction vendor has contract(s) with another contractor for a major portion of a casino construction project that exceeds \$500,000 in any 12-month period; or
- A construction vendor has combined contracts with another contractor(s) for a major portion of more than one casino construction project exceeding \$1 million within any 12-month period.

The Board reserves the right to require any vendor to apply for a Supplier's License (even if monetary thresholds have not been met) if it is deemed necessary by the Board in order to protect the public interest, or to accomplish the policies and purposes of the Act and the Rules.

Each casino license applicant and casino licensee has its own particular process for completing the Board's Vendor Notification and Disclosure Form. Once the form is completed, it must be submitted to the casino licensee applicant/casino licensee by the vendor. Thereafter, the casino licensee applicant/casino licensee will file the form with the Board. The Vendor Form will not be accepted by the Board from a vendor. Once a vendor identification number has been issued, the Board will notify the casino license applicant/casino licensee and the vendor. The Board will then begin monitoring the vendor's total sales of goods or services to the casino license applicant/casino licensee. The Board does not require a fee to process and issue a vendor identification number.

A vendor may begin providing goods/services to the casino license applicant/casino licensee as soon as a vendor identification number has been issued by the Board. If the Board places a vendor on the "Board Inactive Vendors Report," the casino license applicant/licensee must cease conducting business with that vendor.

Only one vendor identification number is required for conducting business with one or more casino license applicants/casino licensees. However, each casino license applicant/casino licensee is required to notify the Board that a vendor has agreed to provide goods/services if the casino license applicant/casino licensee is not the original filer of the Vendor Notification and Disclosure Form.

The casino license applicant/casino licensee is responsible for reporting the vendor's total sales of goods/services to the Board. If the Board determines the vendor identification number to be invalid, the casino license applicant/casino licensee must cease conducting business with the vendor. However, invalidation of the vendor identification number does not preclude payment for

performance of contractual obligations occurring prior to invalidation absent fraud or bad faith.

Associated Equipment

Certain devices or systems require Board gaming-related Supplier License and Board gaming laboratory testing prior to shipment to the casino license applicant or casino licensee. Other devices require only Board gaming laboratory approval and submission of a vendor form.

If Board gaming laboratory approval is required, the manufacturer must submit to the Board a Manufacturer Laboratory Submission Form. Additionally, a complete working model or prototype of the device or system must be submitted for inspection by the Board's gaming laboratory. No associated equipment may be delivered to a casino license applicant or casino licensee unless all appropriate licenses/vendor identification numbers and Board gaming laboratory approval have been obtained from the Board.

Rule 432.1842(4)(c) provides that the manufacturer or distributor of Associated Equipment is required to pay the cost of the evaluation. The Board's gaming laboratory charges for associated equipment will be billed at \$70 per hour for actual hours spent on testing.

All submissions will be reviewed in the order they are received. Incomplete or inaccurate submissions will result in delay of Board gaming laboratory review and approval.

Persons Exempt from Licensing

According to Board Resolution No. 2006-01, as adopted June 29, 2006 the Board may exempt any person or field of commerce from the supplier licensing requirements under the Rules if the Board determines that the person or field of commerce is:

1. An agency of State, local, or federal government or the United States Postal Service, but only to the extent that the applicant provides services related to its governmental agency function to a casino licensee;
2. Regulated by another regulatory agency in Michigan, the Executive Director may grant an exemption on the basis if the applicant is a(n):
 - a. Medical corporations, partnerships or sole proprietorships, where the officers, directors and owners are all physicians licensed in Michigan, to the extent such entities provide medical-related services to a licensee;
 - b. Insurance companies licensed to transact business in Michigan by the Michigan Office of Financial and Insurance Services to the extent such companies provide insurance-related services to a casino licensee;
 - c. Public utilities regulated by the Michigan Public Service Commission to the extent such entities provide regulated utility-related services to a casino licensee;
 - d. Michigan public institutions of higher education to the extent such institutions provide education-related services to a casino licensee;
3. Providing goods or services of insubstantial or insignificant amounts or quantities
 - a. The board automatically grants an exemption to a person providing no more than \$600 worth of nongaming-related goods or services to a casino licensee in any rolling twelve month period,

effective for 30 days after the \$600 limit has been reached.

b. The Executive Director may grant an exemption on this basis if the applicant is:

i. A person providing more than \$600 but less than \$50,000 worth of nongaming-related goods or services to casino licensees in any rolling twelve-month period who:

- submits an application to a casino licensee it serves in which it certifies that, in the reasonable exercise of commercial business judgment, the person will be providing less than \$50,000 worth of nongaming-related goods or services to casino licensees; and
- is issued a vendor number by the Board after filing its application and certification.

An exemption granted on this basis exists until it appears that, in the reasonable exercise of commercial business judgment, the person will provide casino licensees with \$50,000 or more of nongaming-related goods or services to casino licensees until it obtains a different exemption from the supplier-licensing requirements, a temporary supplier's license, or a supplier's license.

ii. A person who is providing casino licensees with nongaming-related goods or services on a regular and continuing basis, but who does not reach the \$200,000/400,000 thresholds specified in Rule 432.1322(3). To obtain an exemption on this basis, the person must submit an application to a casino licensee it serves in which it certifies that, in the reasonable exercise of commercial business judgment, the person will not be reaching the thresholds specified in R 432.1322(3).

An exemption granted on this basis exists until it appears that, in the reasonable exercise of commercial business judgment, the person will reach a monetary threshold specified in R 432.1322(3). At that point, the person must cease providing goods or services to casino licensees until it obtains a different exemption from the supplier-licensing requirements, a temporary supplier's license, or a supplier's license.

A person granted an exemption on the basis of R 432.1322(4)(c), as described in this section, cannot assess charges to a casino licensee, or receive payment from a casino licensee, in excess of the dollar limit applicable to the exemption until it obtains a different exemption from the supplier-licensing requirements, a temporary supplier's license, or a supplier's license.

4. Licensing is not deemed necessary in order to protect the public interest or accomplish the policies and purposes of the Act.²⁰

The Executive Director may grant an exemption on the basis if the applicant is:

i. A publicly-traded United States Corporation under the regulation of the United States Securities and Exchange Commission, or a wholly-owned subsidiary of such a corporation, that also meets all of the following criteria:

a. The corporation's annual overall gross revenues from doing business with casino licensees constitutes less than 5% of the publicly-traded corporation's annual gross revenues; and

b. The corporation agrees to provide the Executive Director with documentation of overall gross revenues and the gross revenues derived from doing business with casino licensees on a semi-annual basis in the manner and form directed by the Executive Director as part of the ongoing,

confidential background investigation to determine the corporation's continuing eligibility for an exemption on this basis.

ii. A person who is engaging in a one-time transaction with a single casino and is not supplying goods or services on a regular and continuing basis, even though the transaction may exceed the \$200,000 threshold specified in Rule 432.1322(3) at which a person is deemed to be supplying goods or services on a regular and continuing basis. A vendor exemption in this category will be effective for only the transaction for which it is requested. It is not available to persons supplying goods or services for the construction of the permanent casinos.

iii. A professional entertainer, sports figure, or other celebrity engaged by a licensed casino to appear at a casino-sponsored special entertainment or promotional event, or an agent of a professional entertainer, sports figure, or celebrity who does not otherwise provide services to casino licensees on a regular and continuing basis. This exemption is not available to promoters or agents who provide their services to a casino licensee on a regular and continuing basis.

iv. A person who provides facilities, promotion, or advertising to a casino licensee and is one of the following:

a. A media outlet (defined as a newspaper, a magazine, an outdoor advertising business, or a radio or television outlet) that:

1. derives less than 5% of the person's annual overall gross revenues from advertising by casino licensees; and,

2. agrees to provide the Executive Director with documentation of overall gross revenues and the gross revenues derived from advertising purchased by casino licensees on a semi-annual basis in the manner and form directed by the Executive Director

b. A provider of a facility or a host or sponsor of an event that presents advertising on behalf of or promotes a casino licensee, including but not limited to theatres, ballrooms, halls, arenas, parks, stadia, golf courses, and other entertainment, recreational, and sports facilities located in the State of Michigan.

c. A provider of a facility that provides entertainment, recreational, or hospitality services to a casino licensee and is a theatre, ballroom, hall, arena, park, stadium, golf course, or special-event venue located in the State of Michigan.

v. A person providing goods or services to a casino licensee as part of the distribution of complimentary to casino patrons by that person, a person associated with the casino, or the casino itself. For purposes of this resolution, "complimentary" are considered to be amenities provided to casino patrons to reward their patronage or to provide goodwill, and the process for the distribution of these amenities will be known as the casino's "Comp Program." An exemption granted on this basis is subject to the following conditions:

a. the person must not accept comp cards or coupons, or their equivalent, as payment for alcohol or convert comp cards or coupons, or their equivalent, to cash or its equivalent;

b. the person must not charge a casino licensee for any portion of a comp card or coupon, or their equivalent, that is unused by the casino patron to whom it was distributed;

c. the person must permit Board inspection of its accounting records and business premises;

d. the person must properly account for all transactions in which it provides goods or services for a casino licensee's Comp Program and must retain itemized records documenting each good or service provided to casino patrons in exchange for comp cards or coupons, or their equivalent.

An exemption on this basis is available only to providers that make their services available to all licensed casinos on a non-exclusive basis under similar or reasonably comparable terms and conditions.

vi. A person who is a party to any contract or subcontract related to the construction of one or more of the permanent casino complexes who does not have a direct contract with a casino licensee or any of its affiliates related to construction of a permanent casino complex and whose contract for work to be performed on any single permanent casino complex is worth less than \$8 million over the life of the contract. An exemption granted on this basis does not authorize a person to perform work at a permanent casino complex that has started operating, as determined by the Board. An exemption on this basis is not available to:

a. A person providing gaming-related goods or services for the construction, maintenance or operation of a casino or casino enterprise;

b. A person who will be involved in the installation, operation, testing, or maintenance of any of the following work areas or systems after the rough construction is completed:

1. The main cage and all secondary cages;
2. The vault and vault annex;
3. Security systems;
4. Surveillance systems;
5. On-Line gaming systems;
6. Gaming monitoring systems;
7. Hard and soft count rooms.

c. All other persons providing goods or services for the construction or operation of a permanent casino complex or casino enterprise when the Executive Director believes that licensing is necessary to protect the public interest and to carry out the purposes of the Act and Rules.

vii. A Michigan or federally chartered depository financial institution to the extent that it provides financial-related services to a casino licensee. The Executive Director may not grant an exemption to a financial institution on this basis if the financial institution provides financing to a casino licensee.

viii. A person or entity that provides professional legal services to a casino licensee. A casino licensee which owns its own equipment, devices, and supplies is not required to obtain a supplier's license.

Under Board Resolution No. 2006-01, the Board delegated and authorized the Executive Director of the Board to exercise all power and authority of the Board to exempt any person or field of commerce from the supplier licensing requirements.²¹ The Executive Director's determination must be based on the above criteria and requirements for exemption.²² All requests for exemptions must be made in writing and submitted to the Executive Director, who must report the requests to the Board at its next scheduled meeting.²³ The Board may reverse the Executive Director's decision by a person whose request for exemption is denied.²⁴

The Board affirmed the Executive Director's decision to exempt these particular fields of commerce.
²⁵

Applying for an Exemption

To apply for an exemption from the supplier licensing requirement, the first step is to complete and submit the appropriate exemption request form along with any supporting documentary evidence to

the Board. If applying for a field of commerce exemption, complete the form entitled "Field of Commerce Exemption Request." If applying for a personal exemption, complete the form entitled "Supplier License Exemption Request." Based on the information provided, the Board's Executive Director will make a decision to grant or deny the request for exemption. A copy of the Executive Director's decision will be forwarded to the applicant and the Board. There is no application fee for submitting an exemption request form. An applicant can petition the Board for review if denied an exemption.²⁶

Criteria For Issuing A Supplier's License

Each person required to be licensed as a supplier under the Act and the Rules is required to provide in his or her application the information, documentation and assurances to establish the following by clear and convincing evidence:

- 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 the Act and in the Rules;
- The financial stability and responsibility of the applicant;
- The applicant, if an individual, and all other individuals required to be qualified as part of the application, are at least 21 years of age;
- 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 the Rules;
- 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;
- The applicant and all other persons required to be qualified as parts of the application do not appear on the exclusion list of any jurisdiction;
- 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; and
- The applicant has adequate liability and casualty insurance.²⁷

Supplier licensees have a continuing duty to maintain their suitability for licensure.²⁸

Ineligibility Of A Supplier

The Act provides that an applicant is ineligible to receive a supplier's license if any of the following circumstances exist:²⁹

- The applicant has been convicted of a felony under the laws of Michigan, any other state, or the United States;
- The applicant has been convicted of a misdemeanor involving gambling, theft, fraud or dishonesty in any state or a local ordinance in any state involving gambling, dishonesty, theft or fraud that substantially corresponds to a misdemeanor in that state;
- The applicant has submitted an application for license under the Act which contains false information;
- The applicant is a member of the Board;
- The applicant holds an elective office of a governmental unit of Michigan, another state or the federal government, or is a member of or employed by a gaming regulatory body of a governmental unit in Michigan, another state or the federal government, or is employed by a governmental unit of

Michigan. This subdivision does not apply to an elected officer of or employee of a federally recognized Indian tribe or an elected precinct delegate;

- The applicant owns more than a 10% ownership interest in any entity holding a casino license issued under the Act;
- The Gaming Control Board concludes that the applicant lacks the requisite suitability as to integrity, moral character and reputation; personal and business probity; financial ability and experience; and responsibility; or
- The applicant fails to meet other criteria considered appropriate by the Board. The criteria considered appropriate by the Board must not be arbitrary, capricious or contradictory to the expressed provisions of the Act.

No person applying for or holding a casino license may own an interest greater than 10% in a supplier licensed under the Act.³⁰ However, 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 gaming or casino operations with a key person of the applicant or licensee.³¹

Supplier License Application Process

The Board may issue a supplier's license to a person who applies for a license and pays the nonrefundable application fee set by the Board, if the Board determines that the applicant is eligible and suitable for a license.³² It is essential that the applicant provide complete and accurate information on the application. The application process is set forth below.

The Board will **not** process an application for a supplier's license unless the applicant has a written agreement with, or a statement of intent from, a casino licensee applicant/casino licensee stating that the potential supplier will be conducting business with a casino.

The applicant must complete the Supplier License Application Form and any necessary Business Disclosure Forms that have been created by the Board staff. These forms need to be completed and stored on a 3-1/2" computer disk, then submitted to the Board. The computer disk version of the form can be obtained from the Board, or downloaded from the [Board's website](#).

The applicant must identify the "Level 1, 2 and 3" employees who are required to complete and file personal disclosure forms. This form needs to be completed and stored on a 3-1/2" computer disk, then submitted to the Board. The computer disk version of the form can be obtained from the Board, or downloaded from the [Board's website](#).

When the application is complete, the applicant must submit the executed original and four copies of the Michigan Supplier License Application Form and the completed Michigan Supplier License Application Form disk, together with any applicable Business Disclosure Forms and related Business Disclosure Form disks. The applicant must also submit the executed original and four copies of all required Personal Disclosure Forms, Level 1, and related completed Personal Disclosure Form, Level 1, disks for each Level 1 employee to the Board at:

Michigan Gaming Control Board

Attn: Deputy Director of Licensing and Compliance
1500 Abbott Road, Suite 400
East Lansing, Michigan 48823

An applicant not currently conducting business in Michigan must complete the Application for Certificate of Authority to Transact Business or Conduct Affairs in Michigan form. This form must be submitted to:

Michigan Department of Labor and Economic Growth,

Bureau of Commercial Services
Corporation Division
7150 Harris Drive
P.O. Box 30054
Lansing, MI 48909

An applicant not currently conducting business in Michigan must also complete the Michigan Business Taxes Registration Booklet. This form must be submitted to:

Michigan Department of Treasury

P.O. Box 30778
Lansing, Michigan 48909

Application Fee and Annual Supplier License Fee

A cashier's check or certified check made payable to the State of Michigan must accompany the application. The amount of the application fee varies depending upon the total dollar amount of business a supplier transacts with all casino licensees or enterprises in any 12-month period. The following scale is used to determine the application fee:

- An application fee of \$2,500 for a supplier whose total transactions are equal to or greater than \$500,000;
- An application fee of \$1,000 for a supplier whose total transactions are equal to or greater than \$100,000, but less than \$500,000; or
- An application fee of \$500 for a supplier whose total transactions are less than \$100,000.

If the supplier does not know the total dollar amount of transactions within any 12-month period, then it must make a good faith estimate and include a statement of the basis for the estimate, which will become the basis for determining the application fee. However, the fee will be subsequently adjusted if the actual total dollar amount of business transactions within the 12-month period is higher or lower than the estimate.

In addition to the application fee, the applicant will be billed for any additional costs incurred by the Board during the course of the background investigation. The applicant is also required to pay application and licensing fees for any Level 1, 2 and 3 employees. For a discussion on the fees related to Level 1, 2 and 3 licenses.

Upon approval of the application by the Board, the supplier will be issued a supplier license upon payment to the Board of a \$5,000 supplier license fee. The supplier license is renewable on an annual basis. The \$5,000 supplier license fee is also an annual fee.

Filing of Complete Supplier's License Application Required

A supplier's license will not be issued or renewed by the Board 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.³³ The potential licensee must also provide all information, documentation, assurances, waivers and releases required by the Act and the Rules.³⁴

The application must be complete in all respects. In this regard, it is imperative that there be full and accurate disclosure of all information requested by the application. The failure to answer fully, completely and accurately all questions on the application may not only result in a return of the application, but could also result in a denial of the application.

Each 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.³⁵

Mandatory Disclosure

The Rules for approval of an application for a supplier's license require extensive disclosure by any "key person" of the supplier. Rule 105(c) defines a "key person" to include officers, directors, trustees, partners and proprietors of the applicant, as well as managerial employees of the applicant performing the function of principal executive officer, principal operation officer, principal accounting officer or their respective equivalents, managerial employees of the applicant exercising management, supervisory or policy making authority over the applicant's Michigan supplier operations and persons directly, indirectly or through attribution owning more than five percent of the applicant.³⁶

The person applying for the license is required to submit the following as part of the application: the name of the person applying for a supplier license and any affiliate with control of that applicant and their respective business addresses, phone numbers, federal identification numbers and Michigan taxpayer identification numbers.³⁷ Additionally, the applicant must identify the home and business addresses and phone numbers of the key persons, or any affiliate with control of that applicant, and any other person required to be qualified as part of that applicant's application under the Act and the Rules, to the extent known and identified by the applicant.³⁸ Applications and disclosure forms must be completed by the person applying for a supplier license and the key persons or affiliate with control of that applicant. The information subject to disclosure includes, but is not limited to:

1. Copies of all filings required by the Securities and Exchange Commission, issued and filed by the applicant or holding company or affiliate with control of the applicant during the two preceding fiscal years;
2. Properly executed Consents to Inspections, Searches and Seizures; Waivers of Liability for Disclosures of Information and Consents to Examination of Confidential Accounts and Records, in the manner and form prescribed by the Board;
3. Photographs and fingerprints of each individual person required to be qualified as part of the application, taken at a time and place designated by the Executive Director; photos taken within 90 days of the application may be submitted with the applicable disclosure form to fulfill the photo requirement;
4. Names; aliases and nicknames; dates of birth; physical descriptions; citizenship; marital history and family data; and home and business addresses and phone numbers for each individual person required to be qualified as part of the application and their respective federal tax identification numbers, Michigan tax identification numbers and Social Security Numbers;
5. 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;
6. 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's license or other gaming-related license;
7. Information regarding any previous civil litigation involving 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;

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

9. 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 that applicant and the managerial employees and sales and service representatives who will represent that applicant and conduct its business in Michigan;

10. 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;

11. 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 that application;

12. 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 non-payment of local, State or federal taxes and fees;

13. Information regarding any previous violation or noncompliance of supplier licensing or regulatory requirements in Michigan or any other jurisdiction by the person applying for a supplier's license or any other person required to be qualified as part of the application;

14. Information regarding any previous violation or noncompliance of any other licensing and regulatory requirements involving other regulated gaming or non-gaming 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 that application;

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

16. To the extent known by the person applying for a supplier's license, information regarding any political contributions, loans, donations or payments made by that applicant or any other person required to be qualified as part of that application, or their respective spouses, parents, children, or spouses of children to a candidate within one year prior to the application; and

17. Any other information required by the Board regarding the person applying for a supplier license and any other person required to be qualified as part of that application, which is deemed necessary by the Board to protect the public and enhance the credibility and integrity of gaming in Michigan, and properly evaluate that applicant's eligibility, qualifications and suitability to be licensed as a supplier under the Act and the Rules.³⁹

An applicant for a supplier's license must assume and accept any and all risk of adverse publicity, notoriety, embarrassment, criticism, financial loss or other unfavorable or harmful consequences that may occur in connection with the application.⁴⁰ The applicant will be required to assume and accept, in writing and under oath, the terms and conditions listed above.⁴¹ Additionally, any and all claims for damages that may result from the licensing process must similarly be waived.⁴² Likewise, the applicant must also consent to being the subject of inspections, investigations, audits

and searches and seizures provided for in the Act for the duration of the license or application process.⁴³

An applicant for a supplier's license must disclose to the Board, and its agents, all otherwise confidential records that the Board requests from the applicant or from third parties. The records contemplated by the Rules include, but are not limited to, tax records, financial records or any other records deemed necessary by the Board. The applicant and licensee must authorize and give its consent in writing, under oath, to forgo these privacy rights.

The Background Investigation

The information provided in the disclosure forms will be used by the Board as a basis for appropriate background investigations, and to evaluate and determine the eligibility, qualifications and suitability of the applicant to receive the license to sell goods or services to Michigan casinos.⁴⁶ Any misrepresentation or omission in the application is cause for denial, suspension, restriction or revocation of a license by the Board.⁴⁷

An applicant must provide the name, address and telephone number of a representative who will act as a liaison to the Board and to the Michigan Department of State Police ("Michigan State Police").⁴⁸ The representative must assist and cooperate with the Board and the Michigan State Police in their background investigations.⁴⁹

Amendments to the Application

An applicant for a supplier license must amend the application whenever the applicant knows or should have known that there has been a change in the applicant's key persons or affiliate with control of the applicant, when there has been more than a five percent change in the applicant's capitalization or a one percent change in the applicant's debt to equity ratio.⁵⁰ Publicly-traded corporations can comply with this reporting requirement by filing certain SEC forms within 10 days of filing with the SEC. Rule 406⁵¹ details the special requirements for publicly-traded supplier applicants.

Withdrawing an Application

A supplier's license application may be withdrawn upon written notice to the Board prior to Board action on the application, provided all background investigation costs have been paid in full by the person applying for a license.⁵² If a supplier's license application is withdrawn, the person who made the application for the license may not reapply for a license within one year from the date withdrawal was granted, without leave of the Board.⁵³ 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.⁵⁴

One of the frequent reasons applicants seek to withdraw from licensing is the discovery that they have inadvertently run afoul of Michigan's strict prohibition on political contributions. Board Resolution No. 2004-04 grants that the Board may waive the one-year period for reapplication, and fees for the reapplication, as Board Rule 432.1324(2)(1) requires that applicants who have withdrawn an application must wait one year before reapplying for licensure, if it is determined that the political contribution(s) was not made with the intent of influencing the supplier licensing process or to influence any licensing, regulation or legislation related to the Gaming Control and Revenue Act. Criteria that will be considered by the Board include, but are not limited to, the following:

- a. The amount of the contribution(s); and,
- b. The frequency and timing of contributions; and,
- c. Whether the contributions(s) has been returned or whether reasonable attempts were made to

retrieve it; and,

d. Whether there was a prior existing relationship between the applicant and the candidate; and,

e. Whether there are any other factors that would indicate that the contribution was given with the intention to influence the licensing of, regulation of, or legislation affecting, the casino gaming authorized under the Michigan Gaming Control and Revenue Act.⁵⁵

Requirement for Written Agreement with a Casino Licensee

The Rules provide that the Board will 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 or casino license applicant.⁵⁶ The agreement or letter must provide that the applicant will be supplying certain goods and services to the casino licensee, casino license applicant or holder of the certificate of suitability upon the applicant's receipt of a supplier's license.

⁵⁷

The requirement set forth in the Rules has been liberalized by the Board based upon the practical experience of the Board and the casino license applicants. Pursuant to Resolution 1998-08, the Board modified the requirement for a written agreement. Rather than requiring a potential supplier to obtain a written "letter of intent," Resolution 1998-08⁵⁸ only requires a "written statement" from a casino license applicant/casino licensee that the supplier license or vendor number applicant is a "potential supplier." The statement must include the following contingencies: that the supplier obtain a supplier license in a timely fashion; that the supplier be part of the final selection in a bid selection process; good faith negotiation and execution of a supplier contract; full compliance with the Act and Rules of the Board; full compliance with directives, orders, rulings of the Board; and compliance with the certified casino Development Agreement.⁵⁹

Temporary Supplier's License

Upon written request, a person may acquire a temporary supplier license from the Executive Director of the Board.⁶⁰ The temporary license will 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.⁶¹ The Executive Director may grant a temporary license if:

A completed application and application fee have been submitted by the applicant, along with all required disclosure forms and other required written documentation and materials;

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 any 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 the Rules;

There is no other apparent deficiency in the application that may require denial; and

The applicant has an agreement to begin providing such goods and services to a casino licensee, casino license applicant or holder of a certificate of suitability upon receipt of the supplier's temporary license or otherwise shows good cause for granting the temporary license.⁶²

A temporary license is valid for no more than 90 days, but may be renewed upon expiration by the Executive Director. An applicant who receives a supplier's temporary license under this Rule may supply casino license applicants and casino licensees with goods and services covered by the Rules until a supplier's license is issued by the Board pursuant to the applicant's application or the

temporary license expires or is suspended or revoked. During the period of the temporary license, the supplier applicant must supply goods and services in compliance with the Act and the Rules.

If the temporary license expires, is not renewed or is suspended or revoked, the Executive Director will immediately forward the applicant's application for a supplier's 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 the application that may require denial of the application.

Action On An Application By The Board

Upon completion of the background investigation, the Executive Director must report to the Board, in writing, regarding the findings of the background investigation.⁶⁶ Upon receipt of this report, the Board is required to either grant or deny the application.⁶⁷

If the Board grants the application, a supplier's license will be issued to the applicant upon payment of the annual licensing fee. However, if the annual licensing fee is not received by the Board within 14 days after the date of the mailing of the Board's approval, the applicant will receive a notice of denial.⁶⁸

If the Board denies the application, the Executive Director will issue the applicant a notice of denial.⁶⁹ A notice of denial does not, in itself, constitute a finding that the applicant is ineligible, unqualified or unsuitable for a supplier's license.⁷⁰ However, if the licensee fails to timely request a hearing on the notice of non-renewal, the notice will then become the final order of the Board.⁷¹

Reapplying For A Denied License

A person who is denied a supplier's license is not permitted to reapply until one year from the date on which the Board voted to deny the application.⁷² However, the Board, by leave, may disregard the one-year waiting period and allow a person to reapply at any time after the license is denied.⁷³ A person whose application was denied must address a request for leave to the Board.⁷⁴ In deciding whether to grant leave, the Board may require the applicant to present oral or written testimony outlining why this exception should be granted.⁷⁵

Required Insurance

A licensed supplier is required to obtain insurance necessary to assure that the licensee is adequately insured against the potential liabilities associated with holding a supplier's license or conducting business as a supplier.⁷⁶ If, at any time, a licensed supplier fails to maintain sufficient insurance, the Board may initiate disciplinary action against the licensee.⁷⁷

Supplier Reporting Obligations To The Board

A supplier must furnish to the Board a list of all equipment, devices and supplies offered for sale or lease to casino licensees. Suppliers are required by the Act to keep books and records of business activities with a casino operator, including the furnishing of equipment, devices, supplies and services to gaming operations separate and distinct from any other business that the supplier might operate. A supplier must file a quarterly return with the Board listing all sales, leases and services. Furthermore, a supplier must permanently affix its name to all its equipment, devices and supplies for gaming operations. Any supplier's equipment, devices, or supplies that are used by any person

in an unauthorized gaming operation will be forfeited to the State.⁷⁸

In addition, applicants and licensees are under a continuing duty to provide information requested by the Board and to cooperate in any investigation, inquiry or hearing conducted by the Board. Failure to do so may result in denial, suspension or, upon reasonable notice, revocation of a license.⁷⁹

Renewing A Supplier's License

A supplier's license is valid for a one-year period.⁸⁰ All licenses are renewable annually upon payment of the \$5,000 annual license fee and upon transmitting to the Board an annual report that contains the information required under the Rules.⁸¹ The licensee must submit the annual license renewal fee at least 30 days prior to the expiration of the license.⁸² The licensee must also submit an annual renewal report to the Board at least 30 days prior to expiration of the license which contains a request for renewal and the information regarding the licensee required by Rule 330.⁸³

After reviewing the licensee's annual renewal report, the Executive Director will submit a written report to the Board.⁸⁴ The Board may refuse to renew a supplier's license and issue a notice of non-renewal if the licensee fails to timely file its annual renewal report.⁸⁵ The Board may also refuse to renew a supplier's license if the Executive Director reports that the licensee's annual renewal report does not provide the information and documentation required by the Board.⁸⁶ A copy of the Executive Director's report to the Board and notice of renewal or the notice of non-renewal issued by the Board must be served on the licensee and the city in which the casinos being supplied are located.⁸⁷ A supplier served with a notice of non-renewal may request a hearing.

Unless specifically stated to the contrary, the notice of non-renewal will not constitute a finding by the Board that the casino licensee is ineligible, unqualified or unsuitable for a supplier's license.⁸⁸ However, if the licensee fails to timely request a hearing on the notice of non-renewal, the notice becomes the final order of the Board.⁸⁹

Endnotes:

¹. Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.207a(6). For full text of The Michigan Gaming Control and Revenue Act and the Michigan Gaming Control Board Administrative Rules, see Appendix

². Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.202(gg). See R 432.1107(i)

³.Id.

⁴.R 432.1322(3)

⁵. R 432.1323

⁶.R 432.1321(1)

⁷.R 432.1321(1)(a)(i)-(iv)

⁸.R 432.1321(1)(b)-(d)

⁹.Board Resolution No. 2006-01

¹⁰.R 432.1321(2)(a)-(b)

¹¹.R 432.1322(1)

¹².Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.202(h)

¹³. R 432.1322(2)(a)-(f)

¹⁴.R 432.1322(3)

¹⁵.Id.

¹⁶.Board Resolution No. 2006-01

¹⁷. Board Resolution No. 2006-01

¹⁸. Board Resolution No. 2006-01

¹⁹.R 432.1322(3)

²⁰.R 432.1322(4)(a)-(d)

²¹.Board Resolution No. 2006-01

²².Id.

²³.Id.

²⁴.Id.

²⁵.Board Resolution No. 2006-01

²⁶.Board Resolution No. 1998-08

²⁷.R 432.1326(a)-(h)

²⁸.R 432.11101(1)

²⁹. Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.207a(4)

³⁰. R 432.1231

³¹.Id.

³².Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.207a(1)

³³. R 432.1324(2)(g)

³⁴.Id.

³⁵.R 432.1324(2)(i)

³⁶.R 432.1104(c)

³⁷.R 432.1324(3)(a)

³⁸.R 432.1324(3)(b)

³⁹.R 432.1324(3)(c)(i)-(xvii)

⁴⁰.R 432.1324(2)(a)

⁴¹.Id.

⁴².R 432.1324(2)(b)

⁴³.Section 4A(1)(c)(I) to (v)

⁴⁴.R 432.1324(2)(d)

⁴⁵.R 432.1324(2)(c)-(d)

⁴⁶.R 432.1324(2)(e)

⁴⁷.Id.

⁴⁸.R 432.1324(2)(f)

⁴⁹.Id.

⁵⁰.R 432.1324(2)(j)(iv)

⁵¹.R 432.1406

⁵². R 432.1324(2)(k)

⁵³. R 432.1324(2)(l)

⁵⁴. R 432.1324(2)(m)

⁵⁵.Board Resolution 2004-04 (a)-(e)

⁵⁶.R 432.1324(2)(n)

⁵⁷.Id.

⁵⁹.Board Resolution No. 1998-08

⁶⁰.R 432.1325(1)

⁶¹.Id.

⁶².R 432.1325(1)(a)-(d)

⁶³.R 432.1325(2)

⁶⁴.R 432.1325(3)

⁶⁵. R 432.1325(4)

⁶⁶. R 432.1327(a)

⁶⁷.Id.

⁶⁸.R 432.1327(b)

⁶⁹.R 432.1327(c)

⁷⁰.R 432.1327(d)

⁷¹.Id.

⁷².R 432.1328(1)

⁷³.Id.

⁷⁴.R 432.1328(2)

⁷⁵. Id.

⁷⁶.R 432.1329(1)

⁷⁷.R 432.1329(2)

⁷⁸.Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.207a(7)

⁷⁹.Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.207a(12),(13)

⁸⁰.R 432.1330(1)

⁸¹Michigan Gaming Control and Revenue Act, Public Act 69 of 1997, MCL 432.206(8)

⁸².R 432.1312(3)(a)

⁸³.R 432.1330(3)(b)

⁸⁴.R 432.1330(4)

⁸⁵.R 432.1330(5)

⁸⁶.Id.

⁸⁷.R 432.1330(10)

⁸⁸.R 432.1330(7)

⁸⁹.R 432.1330(8)