



# SENATE BILL No. 1331

December 7, 1994, Introduced by Senator FAUST and referred to the Committee on State Affairs and Military/Veteran Affairs.

A bill to create a casino control commission as an autonomous entity in the department of treasury and to prescribe its powers and duties; to provide for the creation of a division of gaming enforcement; to provide for the control, regulation, and licensing of casino and riverboat casino gaming in certain cities; to prescribe duties for certain state departments and officers; to provide for the issuance, denial, suspension, and revocation of casino licenses, and other licenses of persons involved in various occupations related to casino and riverboat casino gaming; to provide for regulation of financial interest in certain corporations and holding companies; to regulate securities; to provide for powers of peace officers; to limit liability; to require bonds; to provide for the imposition, collection,

and disposition of fees and revenues; to create certain funds;  
and to prescribe criminal penalties and provide civil remedies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan casino gaming act".

3       Sec. 2. For the purposes of this act, the words and phrases  
4 defined in sections 3 to 8 have the meanings ascribed to them in  
5 those sections.

6       Sec. 3. (1) "Authorized game" means roulette, baccarat,  
7 blackjack, craps, big six wheel, or slot machine.

8       (2) "Casino" means a single room in which casino gaming is  
9 conducted pursuant to this act.

10       (3) "Casino employee" means an individual employed in the  
11 operation of a licensed casino. Casino employee includes boxman,  
12 dealer, croupier, floorman, machine mechanic, casino security  
13 employee, bartender, waiter, waitress, or other person whose  
14 employment duties require or authorize access to the casino.  
15 Casino employee does not include a casino key employee or princi-  
16 pal employee.

17       (4) "Casino key employee" means an individual employed in  
18 the operation of a licensed casino in a supervisory capacity or  
19 who is empowered to make discretionary decisions which regulate  
20 casino operations, including but not limited to a pit boss, shift  
21 boss, supervisor, cashier, casino manager, assistant manager,  
22 manager, or supervisor of casino security employees; any other  
23 employee designated as a casino key employee by the commission,

1 and who is not a casino employee, principal employee, or casino  
2 security employee.

3 (5) "Casino security employee" means an individual employed  
4 by a licensed casino or its agent to provide physical security in  
5 a casino hotel.

6 (6) "Casino service industry" means any form of enterprise  
7 which provides casinos with goods or services on a regular or  
8 continuing basis, including security businesses, gaming schools,  
9 manufacturers, distributors and servicers of gaming devices or  
10 equipment, garbage haulers, maintenance companies, food survey-  
11 ors, or any other similar enterprise which does business with  
12 licensed casinos on a regular or continuing basis.

13 (7) "Commission" means the casino control commission created  
14 by section 9.

15 (8) "Credit instrument" means a writing which evidences a  
16 gaming debt and includes any writing taken in consolidation,  
17 redemption, or payment of a previous credit instrument. A credit  
18 instrument includes, but is not limited to, any marker, IOU,  
19 promissory note, returned check, hold check, or other similar  
20 credit instrument, or any other credit arrangement regardless of  
21 the location where the credit is extended including, but not  
22 limited to, a credit card, line of credit, cash advance, or  
23 draw. Money collected under a credit instrument is not included  
24 in the calculation of gross gaming revenue to the extent it has  
25 already been properly included under net credit extended to  
26 patrons as described in section 5(4)(b). In determining the  
27 amount of net credit extended to patrons, the credit instruments

1 are to be valued in good faith using commercially reasonable  
2 standards. Cash and credit include any transfer, in whole or in  
3 part, by computer, electronic, or telephonic funds transfer. Net  
4 credit does not include reductions for bad debts.

5       Sec. 4. (1) "Director" means the director of the division  
6 of gaming enforcement.

7       (2) "Division" means the division of gaming enforcement cre-  
8 ated pursuant to section 11.

9       (3) "Equity security" means 1 or more of the following:

10       (a) Voting stock of a corporation, or similar security.

11       (b) Security convertible, with or without consideration,  
12 into a voting security, or a security carrying a warrant or right  
13 to subscribe to or purchase a voting security.

14       (c) A warrant or right.

15       (d) A security having a direct or indirect participation in  
16 the profits of the issuer.

17       (4) "Establishment" means premises where gaming is  
18 conducted.

19       (5) "Family" means spouse, parent, grandparent, child,  
20 grandchild, sibling, uncle, aunt, nephew, niece, father-in-law,  
21 mother-in-law, daughter-in-law, son-in-law, brother-in-law, or  
22 sister-in-law, whether by the whole or half blood, by marriage,  
23 adoption, or natural relationship.

24       Sec. 5. (1) "Game" means a banking or percentage game  
25 located exclusively within a casino played with cards, dice, or a  
26 mechanical or electrical device or machine for money, property,

1 token, or other item of value or an item representative of  
2 value.

3 (2) "Gaming" means the dealing, operating, carrying on, con-  
4 ducting, maintaining, or exposing for pay of a game.

5 (3) "Gaming device" means a mechanical or electrical con-  
6 trivance or machine used in connection with gaming or a game.

7 (4) "Gross gaming revenue" means the total of all of the  
8 following:

9 (a) Cash received as winnings.

10 (b) Net credit extended to patrons for the purpose of gaming  
11 whether or not evidenced by a credit instrument, including any  
12 cashless wagering system.

13 (c) Compensation received for conducting any game in which  
14 licensee or its agent is not a party to a wager.

15 Gross gaming revenue shall be reduced by the total of all cash  
16 paid out as losses to patrons directly or indirectly, and those  
17 amounts paid to purchase annuities to fund losses paid to patrons  
18 over several years by independent financial institutions. In  
19 calculating gross gaming revenue, any prizes, premiums, drawings,  
20 benefits or tickets, or other items that are redeemable for money  
21 or merchandise or other promotional allowance, except money or  
22 tokens paid at face value directly to a patron as a result of a  
23 specific wager and the amount of cash paid to purchase an annuity  
24 to fund winnings paid to that patron over several years by an  
25 independent financial institution, shall not be deducted as  
26 losses from winnings at any game, and shall include, but not be  
27 limited to, travel expenses, food, refreshments, lodging or other

1 services provided by licensee. Losses do not include amounts  
2 paid to any vendor of gaming devices or equipment, measured by,  
3 or paid from, the revenue from any device or equipment. For each  
4 table game, gross gaming revenue equals the closing bankroll plus  
5 credit slips for cash, chips, or tokens returned to the casino  
6 cage plus drop, less opening bankroll and fills to the table.  
7 For each slot machine, gross gaming revenue equals drop less  
8 fills to the machine, jackpot payouts, and, if the licensee  
9 retains detailed documentation supporting the deduction, the  
10 actual cost to the licensee, its agent or employee, or a person  
11 controlling, controlled by, or under common control with the  
12 licensee of any personal property, other than the cost of travel,  
13 food, lodging, services, and food and beverages, provided for or  
14 distributed to the patron as winnings. The initial hopper load  
15 is not a fill and does not affect gross gaming revenue. The dif-  
16 ference between the initial hopper load and the total amount that  
17 is in the hopper at the end of each month shall be adjusted  
18 accordingly as an addition to or subtraction from the drop for  
19 that month. If the licensee does not make or makes inaccurate  
20 monthly additions to or subtractions from the drop, the director  
21 may compute an estimated total amount on the slot machine hoppers  
22 and then make reasonable adjustments to gross gaming revenue  
23 during the course of an audit. For each counter game, gross  
24 gaming revenue equals the money accepted by the licensee on  
25 events or games that occur during the month or will occur in sub-  
26 sequent months, less money paid out during the month to patrons  
27 on money wagers. For each card game, and any other game in which

1 the licensee is not party to a wager, gross gaming revenue equals  
2 all money received by the licensee as compensation for conducting  
3 the game. The licensee shall not include either shall win or  
4 shall loss in gross gaming revenue computations. The licensee  
5 shall not exclude, as losses, money paid out on wagers that are  
6 in violation of Michigan law or rules from gross gaming revenue.

7 (5) "Gross nongaming revenue" means the total of all value,  
8 compensation, interest, and income of any kind received by the  
9 licensee including, but not limited to, cash and payment of  
10 checks, drafts, vouchers, notes, and instruments, and derived  
11 from any of the following:

12 (a) All sales of food, beverages, goods, services, enter-  
13 tainment, parking, rides, wares, or merchandise at or from the  
14 establishment.

15 (b) All space tenants.

16 (c) The operation of any cafeteria or restaurant operated by  
17 the licensee or an affiliate of the licensee at the  
18 establishment.

19 (d) The operation of any business or enterprise owned or  
20 operated by the licensee or an affiliate of the licensee at the  
21 establishment including, but not limited to, entertainment and  
22 retail establishments.

23 (e) The use in connection with the establishment of any  
24 trade name or name of the licensee and its affiliate including,  
25 but not limited to, the use of names associated with the  
26 establishment.

1 (f) The profit as determined by generally accepted  
2 accounting principles consistently applied derived from the  
3 promotion of any commercial event that uses the trade names or  
4 good will associated with the establishment.  
5 Gross nongaming revenue does not include money received that is  
6 refunded later as a result of merchandise returns or for any  
7 other reason; money received from all sales and other taxes col-  
8 lected and paid to the appropriate taxing authorities; money  
9 received from the sale of lottery tickets other than commissions;  
10 money received in connection with any bulk sale, sale of trade  
11 fixtures, or any other sale out of the ordinary course of busi-  
12 ness; security deposits and any other types of deposits; delivery  
13 charges; money received from promotional sales in connection with  
14 charitable collections and charitable collections; and money  
15 received as reimbursements from space tenants for common area  
16 expenses, taxes, insurance, marketing, utilities, and other oper-  
17 ational expenses of the licensee for services provided on behalf  
18 of space tenants. Gross nongaming revenue shall be determined by  
19 using the cash method of accounting.

20 Sec. 6. (1) "Holding company" means a corporation, associa-  
21 tion, firm, partnership, trust, or other form of business organi-  
22 zation other than an individual which, directly or indirectly,  
23 owns, has the power or right to control, or has the power to vote  
24 all or a majority of the outstanding voting securities of a cor-  
25 poration which holds or applies for a casino license. A holding  
26 company shall be considered to indirectly have, hold, or own a  
27 power, right, or security if it does so through an interest in a



1 subsidiary or successive subsidiaries, regardless of the number  
2 of entities intervening between the holding company and the  
3 licensee or applicant.

4       (2) "Intermediary company" means a corporation, association,  
5 firm, partnership, trust, or other form of business organization  
6 other than an individual, which is a holding company with respect  
7 to a corporation which holds or applies for a casino license, and  
8 which is a subsidiary with respect to another holding company.

9       (3) "Junket" means an arrangement the primary purpose of  
10 which is to induce a person to gamble at a licensed casino and  
11 pursuant to which, and as consideration for which, over \$200.00  
12 of the cost of transportation, food, lodging, or entertainment  
13 for the person is directly or indirectly paid by a casino  
14 licensee or employee or agent of the casino licensee. The fur-  
15 nishing of transportation, food, lodging, or entertainment on a  
16 complimentary basis shall constitute an indirect payment for the  
17 food or lodging in the amount of the retail price normally  
18 charged by the licensee.

19       Sec. 7. (1) "Person" means an individual, or a corporation,  
20 association, operation, sole proprietorship, partnership, trust,  
21 or other form of business entity.

22       (2) "Principal employee" means an employee who, by reason of  
23 remuneration or of a management, supervisory, or policymaking  
24 position or other criteria as may be established by the commis-  
25 sion by rule, holds or exercises authority which, in the judgment  
26 of the commission, is sufficiently related to the operation of a

1 licensee so as to require approval by the commission in the  
2 protection of the public interest.

3 (3) "Publicly traded corporation" means a person, other than  
4 an individual, which has at least 1 class of security registered  
5 pursuant to section 12 of title I of the securities exchange act  
6 of 1934, 15 U.S.C. 781, or is an issuer subject to section 15(d)  
7 of title I of the securities exchange act of 1934, 15  
8 U.S.C. 78o.

9 Sec. 8. (1) "Regulated complimentary service account" means  
10 an account maintained by a casino licensee on a regular basis  
11 which itemizes complimentary services and includes a listing of  
12 the cost of junket activities and other service provided without  
13 cost or at a reduced price.

14 (2) "Security" means an instrument evidencing a direct or  
15 indirect beneficial ownership or creditor interest in a corpora-  
16 tion, including common or preferred stock, bonds, mortgages,  
17 debentures, security agreements, notes, warrants, options, or  
18 rights.

19 (3) "Slot machine" means a mechanical, electrical, or other  
20 device, contrivance, or machine which, upon insertion of a coin,  
21 token, or similar object, or upon payment of any consideration  
22 whatsoever, is available to play or operate, the play or opera-  
23 tion of which, whether by reason of the skill of the operator or  
24 application of the element of chance, or both, may deliver or  
25 entitle the person playing or operating the machine to receive  
26 cash or tokens to be exchanged for cash, whether the payoff is

1 made automatically from the machine, or in any other manner  
2 whatsoever.

3       (4) "Subsidiary" means a corporation, all or any part of  
4 whose outstanding equity securities are owned, subject to a power  
5 or right of control, or held with power to vote by a holding com-  
6 pany or an intermediary company; or a sole proprietorship, asso-  
7 ciation, partnership, trust, or other form of business entity,  
8 other than an individual, or an interest therein, which is owned,  
9 subject to a power or right of control, or held with power to  
10 vote, by a holding company or an intermediary company.

11       (5) "Voting stock" means a security to which there are  
12 attached voting rights, either pursuant to the business corpora-  
13 tion act, Act No. 284 of the Public Acts of 1972, being sections  
14 450.1101 to 450.2099 of the Michigan Compiled Laws, or as pro-  
15 vided in the corporation's articles of incorporation, except  
16 stock entitled to voting rights only on matters involving the  
17 rights of that class of stock.

18       Sec. 9. (1) The casino control commission is created as an  
19 autonomous entity within the department of treasury.

20       (2) The commission shall consist of 9 members appointed by  
21 the governor with the advice and consent of the senate. Each  
22 member of the commission shall be a citizen of the United States  
23 and a resident of this state.

24       (3) A member of the legislature, or a person holding an  
25 elected or appointed office in federal, state, or local govern-  
26 ment shall not be eligible to serve as a member of the  
27 commission. Not more than 5 members of the commission shall be

1 of the same political affiliation. Commission members shall be  
2 represented by persons from the following fields:

3 (a) Corporate finance.

4 (b) Economics.

5 (c) Law.

6 (d) Accounting.

7 (e) Law enforcement.

8 (f) Gaming industry.

9 (4) The term of the members shall be 4 years, except that of  
10 the members first appointed, 4 shall be appointed for a term of 3  
11 years, and 3 shall be appointed for a term of 2 years. A member  
12 of the commission shall qualify by taking and filing the consti-  
13 tutional oath of office and shall hold office until the appoint-  
14 ment and qualification of his or her successor.

15 (5) Before nomination, the governor shall cause an inquiry  
16 to be conducted by the attorney general of the nominee's back-  
17 ground, with particular regard to the nominee's financial stabil-  
18 ity, integrity, responsibility, and his or her reputation for  
19 good character, honesty, and integrity.

20 (6) A vacancy shall be filled in the same manner as the  
21 original appointment for the balance of the unexpired term.

22 (7) The governor shall appoint a chairperson from the mem-  
23 bership of the commission. A member shall not serve more than 4  
24 consecutive years as chairperson. The chairperson shall be the  
25 chief executive officer of the commission, shall devote full time  
26 to the duties of his or her office, and shall not pursue or be

1 engaged in any other business, occupation, or other employment,  
2 whether or not gainful.

3 (8) The commission shall elect annually, by a majority of  
4 the full commission, 1 of its members other than the chairperson,  
5 to serve as vice-chairperson for the ensuing year. The  
6 vice-chairperson shall perform all of the duties of the chair-  
7 person as prescribed in this act during the chairperson's absence  
8 or inability to serve.

9 (9) Each member shall receive compensation and reimbursement  
10 for expenses actually and necessarily incurred in the performance  
11 of his or her duties as determined annually by the legislature.

12 Sec. 10. (1) The commission shall appoint an executive sec-  
13 retary who shall serve at its pleasure and shall be responsible  
14 for the conduct of the commission's administrative affairs. A  
15 person shall not be appointed as executive secretary unless he or  
16 she has had at least 5 years of responsible experience in public  
17 or business administration or possesses broad management skills.

18 (2) The commission may employ other personnel as it consid-  
19 ers necessary, subject to rules of the department of civil  
20 service. The commission may employ legal counsel who shall rep-  
21 resent the commission in any proceeding to which it is a party,  
22 and who shall render legal advice to the commission upon its  
23 request. The commission may contract for the services of other  
24 professional, technical, and operational personnel and consul-  
25 tants as may be necessary for the performance of its duties under  
26 this act.

1       Sec. 11. (1) The commission shall provide for the creation  
2 of and administer the division of gaming enforcement. However,  
3 the division shall be under the immediate supervision of the  
4 director who shall work under the direction and supervision of  
5 the commission.

6       (2) The commission shall organize the division into bureaus  
7 and other organizational units as the commission considers neces-  
8 sary for efficient and effective operation and shall cooperate  
9 with the department of state police and the attorney general.

10       Sec. 12. (1) A person shall not be appointed to nor be  
11 employed by the commission if, during the 3 years immediately  
12 preceding the appointment or employment, the person held a direct  
13 or indirect interest in, or was employed by, a person engaged in  
14 gaming; a manufacturer, distributor, or servicer of gaming equip-  
15 ment; or an operator of licensed pari-mutuel betting.

16       (2) A person shall not be appointed to or employed by the  
17 commission or division if, during 3 years immediately preceding  
18 the appointment or employment, the person held a direct or indi-  
19 rect interest in, or was employed by, a person which is licensed  
20 by or has an application for a license pending before, or is reg-  
21 istered with the commission.

22       (3) Before appointment or employment, each member of the  
23 commission, each employee of the commission, the director, and  
24 each employee and agent of the division shall swear or affirm  
25 that he or she does not possess a direct or indirect interest in  
26 and is not employed by a business or organization licensed by, or  
27 registered with the commission.

1       Sec. 13. (1) The commission shall promulgate rules pursuant  
2 to the administrative procedures act of 1969, Act No. 306 of the  
3 Public Acts of 1969, being sections 24.201 to 24.328 of the  
4 Michigan Compiled Laws, which prescribe a code of ethics govern-  
5 ing its members and employees. The code shall include rules sub-  
6 stantially similar to the following:

7       (a) A commission member, employee, or agent shall not gamble  
8 in an establishment licensed by the commission except in the  
9 course of his or her duties.

10       (b) A commission member, employee, or agent shall not  
11 solicit or accept employment from a person licensed by or regis-  
12 tered with the commission, or from any applicant for a license,  
13 except as provided in section 14.

14       (2) A commission member, employee, or agent shall not have  
15 an interest, direct or indirect, in an applicant or a person  
16 licensed by or registered with the commission during his or her  
17 term of office or employment.

18       (3) A commission member shall not be employed in any capac-  
19 ity by any person licensed by or registered with the commission.

20       (4) An employee of the commission, including legal counsel  
21 and hearing examiners, shall devote his or her entire time and  
22 attention to duties and shall not pursue any other business,  
23 occupation, or other employment, whether or not gainful, except  
24 that secretarial and clerical personnel may engage in other gain-  
25 ful employment which does not interfere with performance of  
26 duties for the commission or division, unless otherwise  
27 directed.

1       (5) A member of the commission or employee of the commission  
2 shall not do any of the following:

3       (a) Use his or her official authority or influence for the  
4 purpose of interfering with or affecting the result of an elec-  
5 tion or a nomination for office.

6       (b) Directly or indirectly coerce, attempt to coerce, com-  
7 mand, or advise a person to pay, lend, or contribute anything of  
8 value to a party, committee, organization, agency, or person for  
9 political purposes.

10       Sec. 14. (1) A member of the commission shall not hold or  
11 acquire a direct or indirect interest in, or accept employment  
12 with, an applicant or a person licensed by or registered with the  
13 commission for 4 years after terminating membership on the  
14 commission.

15       (2) An employee or agent of the commission shall not hold or  
16 acquire a direct or indirect interest in, or accept employment  
17 with, an applicant or a person licensed by or registered with the  
18 commission, for 2 years after terminating employment with the  
19 commission. At the end of 2 years, the former employee or agent  
20 may acquire an interest in, or accept employment with, an appli-  
21 cant or person licensed by or registered with the commission upon  
22 application to and with the approval of the commission, if the  
23 commission finds that the interest to be acquired or the employ-  
24 ment will not create the appearance of a conflict of interest and  
25 does not evidence a conflict of interest in fact.

26       (3) A commission member or person employed by the commission  
27 shall not represent a person or party other than the state before



1 or against the commission for 2 years after the office or  
2 employment is terminated with the commission.

3 (4) A partnership, firm, or corporation in which a former  
4 commission member, employee, or agent has an interest, or a part-  
5 ner, officer, or employee of a partnership, firm, or corporation  
6 shall not make an appearance or representation which is prohib-  
7 ited to the former member, employee, or agent.

8 Sec. 15. (1) An applicant or person or organization  
9 licensed by or registered with the commission shall not employ or  
10 offer to employ; or provide, transfer, or sell; or offer to pro-  
11 vide, transfer, or sell an interest, direct or indirect, in a  
12 person licensed by, or registered with the commission to a person  
13 restricted from the transactions by sections 13 and 14.

14 (2) The commission shall impose sanctions upon an applicant  
15 or a licensed or registered person for a violation of this sec-  
16 tion as authorized by this act.

17 Sec. 16. The commission shall implement this act and per-  
18 form the following duties:

19 (a) Hear and decide promptly and in reasonable order all  
20 license, certificate, and permit applications and causes affect-  
21 ing the granting, suspension, revocation, or renewal of a  
22 license, certificate, or permit.

23 (b) Conduct hearings pertaining to violations of this act or  
24 rules promulgated pursuant to this act.

25 (c) Promulgate rules pursuant to the administrative proce-  
26 dures act of 1969, Act No. 306 of the Public Acts of 1969, being  
27 sections 24.201 to 24.328 of the Michigan Compiled Laws, as in

1 its judgment may be necessary to implement the policies of this  
2 act.

3 (d) Collect license fees and taxes imposed by this act and  
4 rules promulgated pursuant to this act.

5 (e) Levy and collect penalties and fines for the violation  
6 of this act and the rules promulgated pursuant to this act.

7 (f) Be present through its inspectors and agents at all  
8 times during the operation of a casino for the purpose of certi-  
9 fying the revenue of the casino, receiving complaints from the  
10 public, and conducting other investigations into the conduct of  
11 the games and maintenance of the equipment as the commission con-  
12 siders necessary and proper.

13 (g) Review and rule upon a complaint by a casino licensee  
14 regarding an investigative procedure of the division which is  
15 unnecessarily disruptive of casino operations. The need to  
16 inspect and investigate shall be presumed at all times. The dis-  
17 ruption of a licensee's operations shall be proved by clear and  
18 convincing evidence, and establishment of the following:

19 (i) The procedures did not have a reasonable law enforcement  
20 purpose.

21 (ii) The procedures were so disruptive as to inhibit reason-  
22 able casino operations.

23 Sec. 17. (1) The commission shall assure that a license,  
24 certificate, or permit shall not be issued to, nor held by, nor  
25 shall there be any material involvement, directly or indirectly,  
26 with a licensed casino operation or ownership of a casino by a  
27 nonqualified, disqualified, or unsuitable person, or a person

1 whose operations are conducted in a manner inconsistent with this  
2 act.

3       (2) As used in this section, "unqualified person",  
4 "disqualified person", or "unsuitable person" means a person who  
5 is found by the commission to be disqualified pursuant to the  
6 criteria set forth in section 46(c), (e), (f), and (g), or to  
7 lack the financial responsibility and capability specified in  
8 section 43. In enforcing this act, the commission may deny an  
9 application; limit or restrict any certificate, permit, or  
10 approval; suspend or revoke a license, certificate, permit, or  
11 approval; and impose a penalty on any person licensed or previ-  
12 ously approved for any cause considered reasonable by the commis-  
13 sion pursuant to rules promulgated by the commission. However, a  
14 denial, limitation, suspension, or revocation shall not be issued  
15 solely because an applicant or licensee holds an interest in, or  
16 is associated with, a licensed casino enterprise in another  
17 jurisdiction.

18       Sec. 18. The commission may issue subpoenas and compel the  
19 attendance of witnesses at any place within this state, adminis-  
20 ter oaths, and require testimony under oath. The commission  
21 shall serve its process or notices in a manner provided for the  
22 service of process and notice in civil actions by the rules of  
23 the supreme court. The commission may propound written interrog-  
24 atories and appoint hearing examiners, to whom may be delegated  
25 the power and authority to administer oaths, issue subpoenas,  
26 propound written interrogatories, and require testimony under  
27 oath.

1       Sec. 19. The commission may conduct investigative hearings  
2 concerning the conduct of gaming and gaming operations as well as  
3 the development and well-being of the industries controlled by  
4 this act.

5       Sec. 20. (1) The commission may order a person to answer  
6 questions or produce evidence of any kind and confer immunity as  
7 provided in this section. If, in the course of an investigation  
8 or hearing conducted under this act, a person refuses to answer a  
9 question or produce evidence on the ground that he or she will be  
10 exposed to criminal prosecution in answering the question or  
11 producing the evidence, then in addition to any other remedies or  
12 sanctions provided for by this act, the commission may, by reso-  
13 lution approved by 4 of its members and after the written  
14 approval of the attorney general, issue an order to answer or to  
15 produce evidence with immunity.

16       (2) If the person complies with an order issued with immu-  
17 nity pursuant to this section, the person shall be immune from  
18 having a responsive answer given by him or her or responsive evi-  
19 dence produced by him or her, or evidence derived from the answer  
20 or evidence, used to expose the person to criminal prosecution.  
21 However, the person may nevertheless be prosecuted for perjury  
22 committed in giving the answer or producing evidence, or for con-  
23 tempt for failing to give an answer or produce evidence in  
24 accordance with the order of the commission. Incarceration for  
25 contempt for failing to give an answer or produce evidence when  
26 immunity has been granted shall not exceed 18 months in  
27 duration. An answer given or evidence produced shall be

1 admissible against the person in a criminal investigation,  
2 proceeding, or trial against him or her for the perjury; in an  
3 investigation, proceeding, or trial against him or her for con-  
4 tempt; or in a manner consonant with state law and constitutional  
5 provisions.

6       Sec. 21. (1) Within 5 years after a fee, interest, penalty,  
7 or tax required to be collected pursuant to this act becomes due  
8 and payable, the commission may bring an action to collect the  
9 amount delinquent, together with penalties and interest. An  
10 action may be brought regardless of whether the person owing the  
11 amount is a licensee under this act. If the action is brought in  
12 this state, a writ of attachment may be issued and a bond or  
13 affidavit before the issuance of the writ shall not be required.

14       (2) In an action in this state, the records of the commis-  
15 sion shall be prima facie evidence of the determination of the  
16 tax or the amount of the delinquency.

17       Sec. 22. (1) The commission shall promulgate rules consis-  
18 tent with the policy and objectives of this act, as it considers  
19 necessary or desirable for the public interest in carrying out  
20 this act. The rules shall be promulgated pursuant to the admin-  
21 istrative procedures act of 1969, Act No. 306 of the Public Acts  
22 of 1969, being sections 24.201 to 24.328 of the Michigan Compiled  
23 Laws.

24       (2) An interested person may file a petition with the com-  
25 mission requesting the adoption, amendment, or repeal of a rule.  
26 The petition shall state clearly and concisely all of the  
27 following:

1 (a) The substance and nature of the rule, amendment, or  
2 repeal requested.

3 (b) The reason for the request.

4 (c) Reference to the authority of the commission to take the  
5 action requested.

6 (3) Within 90 days after receipt of a petition filed pursu-  
7 ant to subsection (2), the commission shall schedule the matter  
8 for hearing and shall render a decision within 30 days after the  
9 completion of the hearing.

10 Sec. 23. The rules promulgated by the commission shall pre-  
11 scribe all of the following:

12 (a) The methods and forms of application which an applicant  
13 shall follow and complete before consideration of the application  
14 by the commission.

15 (b) The methods, procedures, and form for delivery of infor-  
16 mation concerning a person's family, habits, character, associ-  
17 ates, criminal record, business activities, and financial  
18 affairs.

19 (c) Procedures for the fingerprinting of an applicant,  
20 employee of a licensee, or registrant, or other methods of iden-  
21 tification which may be necessary in the judgment of the commis-  
22 sion to accomplish effective enforcement of restrictions on  
23 access to the casino floor and other restricted areas of the  
24 casino hotel complex.

25 (d) The manner and procedure for all hearings conducted by  
26 the commission or a hearing examiner, including special rules of  
27 evidence applicable to the hearings and notices of hearings.

1 (e) The manner and method of collection of payments of  
2 taxes, fees, and penalties.

3 (f) Definitions and limits of the areas of operation; the  
4 rules of authorized games, odds, and devices permitted; and the  
5 method of operation of games and gaming devices.

6 (g) The practice and procedures for negotiable transactions  
7 involving patrons, including limitations on the circumstances and  
8 amounts of the transactions; and the establishment of forms and  
9 procedures for negotiable instrument transactions, redemptions,  
10 and consolidations.

11 (h) Grounds and procedures for the revocation or suspension  
12 of certificates of operation and licenses.

13 (i) The governing of the manufacture, distribution, sale,  
14 and servicing of gaming devices.

15 (j) Procedures, forms, and methods of management controls,  
16 including employee and supervisory tables of organization and  
17 responsibility; and minimum security standards, including secur-  
18 ity personnel structure, alarm, and other electrical or visual  
19 security measures.

20 (k) The qualifications required of engineers, accountants,  
21 and others to practice before the commission or to submit materi-  
22 als on behalf of an applicant or licensee, and the conditions  
23 pursuant to which this practice and submission of materials shall  
24 be permitted.

25 (l) Minimum procedures for the exercise of effective control  
26 over the internal fiscal affairs of a licensee, including  
27 provisions for the safeguarding of assets and revenues, the

1 recording of cash and evidence of indebtedness, and the  
2 maintenance of reliable records, accounts, and reports of trans-  
3 actions, operations, and events, including reports to the  
4 commission.

5 (m) A minimum uniform standard of accountancy methods, pro-  
6 cedures, and forms; a uniform code of accounts and accounting  
7 classifications; and other standard operating procedures, includ-  
8 ing those controls listed in section 59, as may be necessary to  
9 assure consistency, comparability, and effective disclosure of  
10 all financial information, including calculations of percentages  
11 of profit by game, table, gaming device, and slot machines.

12 (n) The contents and form of periodic financial reports  
13 including an annual audit prepared by a certified public accoun-  
14 tant licensed to do business in this state attesting to the  
15 financial condition of a licensee and disclosing whether the  
16 accounts, records, and control procedures examined are maintained  
17 by the licensee as required by this act and the rules promulgated  
18 under this act.

19 (o) The governing of advertising of casino licensees, their  
20 employees, and agents, in order to assure that gaming is por-  
21 trayed as an activity for adults conducted in an atmosphere of  
22 social graciousness, and to assure that the advertisements are  
23 not deceptive. The rules shall not prohibit the advertisement of  
24 casino location, hours of operation, or types of games and other  
25 amenities offered. The rules shall not permit the advertisement  
26 of information about odds, the number of games, the size of the



1 casino, or of other information which may unduly influence or  
2 mislead the public.

3       (p) The governing of entertainment presented by casino  
4 licensees pursuant to the prevailing community standards as  
5 determined by the commission. Entertainment shall not be permit-  
6 ted within a casino which would constitute a violation of laws or  
7 rules of this state relative to the sale of alcoholic liquor.

8       (q) The distribution and consumption of alcoholic liquor on  
9 the premises of the licensee, which rules shall apply only inso-  
10 far as necessary because of the unique character of the hotel  
11 casino premises and operations and shall not contravene a rule or  
12 law of this state regarding the distribution and consumption of  
13 alcoholic liquor.

14       (r) Limitations on signs and other on-sight advertising, in  
15 order to minimize solicitation for gaming purposes on or near  
16 public thoroughfares or domination or despoliation of the archi-  
17 tecture or environment of cities, villages, and townships in this  
18 state.

19       Sec. 24. (1) The commission shall, by rule promulgated pur-  
20 suant to the administrative procedures act of 1969, Act No. 306  
21 of the Public Acts of 1969, being sections 24.201 to 24.328 of  
22 the Michigan Compiled Laws, provide for the establishment of a  
23 list of persons who are to be excluded or who shall be ejected  
24 from a licensed casino establishment. The rules shall define the  
25 standards for exclusion, and shall include standards relating to  
26 persons:

1 (a) Who are career or professional offenders as defined by  
2 rule of the commission.

3 (b) Who were convicted of a criminal offense under the laws  
4 of this state or of the United States, which is punishable by  
5 more than 6 months in prison, or a crime or offense involving  
6 moral turpitude.

7 (c) Whose presence in a licensed casino, in the opinion of  
8 the commission, would be inimical to the interest of the state or  
9 of a licensed game.

10 (2) The commission shall be rule prescribe definitions  
11 establishing those categories of persons to be excluded pursuant  
12 to this section, including cheats and persons whose privileges  
13 for licensure were revoked.

14 (3) The commission may impose sanctions upon a licensed  
15 casino or individual licensee pursuant to this act if the casino  
16 or individual licensee knowingly fails to exclude or eject from  
17 the premises of a licensed casino a person placed by the commis-  
18 sion on the list of persons who are to be excluded or ejected.

19 (4) A list compiled by the commission of persons to be  
20 excluded or ejected shall not be considered an all-inclusive  
21 list, and licensees shall keep from licensed casino establish-  
22 ments those persons known to them to be within the classifica-  
23 tions prescribed in subsection (1) and the rules promulgated  
24 under this section.

25 (5) When the name or description of a person is placed on a  
26 list pursuant to this section, the commission shall serve notice  
27 of this fact on the person by personal service, by certified mail

1 at the last known address of the person, or by publication daily  
2 for 1 week in a newspaper of general circulation in the county in  
3 which the person was last known to reside.

4 (6) Within 30 days after service by mail or in person, or  
5 within 60 days after the time of last publication, the person  
6 named for exclusion or ejection may demand a hearing before the  
7 commission and show cause why he or she should have his or her  
8 name removed from the list. Failure to demand a hearing within  
9 the time prescribed in this section shall preclude a person from  
10 having an administrative hearing, but shall not affect judicial  
11 review as provided for in chapter 6 of the administrative proce-  
12 dures act of 1969, Act No. 306 of the Public Acts of 1969, being  
13 sections 24.301 to 24.306 of the Michigan Compiled Laws.

14 (7) Upon receipt of a demand for a hearing, the commission  
15 shall set a time and place for the hearing. Unless otherwise  
16 agreed by the commission and the named person, the hearing shall  
17 not be later than 30 days after the receipt of a demand for the  
18 hearing.

19 (8) Upon completion of the hearing, if the commission deter-  
20 mines that the rule does not or should not apply to the person so  
21 listed, the commission shall notify casino licensees of the  
22 determination and expunge the person's name from the exclusionary  
23 list.

24 (9) Upon completion of a hearing, if the commission deter-  
25 mines that the placement of the name of the person on the exclu-  
26 sionary list was appropriate, the commission shall make and enter  
27 an order to that effect.

1       Sec. 25. (1) The commission shall conduct a continuous  
2 study of the operation and administration of casino control laws  
3 in effect in other jurisdictions, literature on this subject,  
4 federal laws which may affect the operation of casino gaming in  
5 this state, and the reaction of citizens of this state to exist-  
6 ing and potential features of casino gaming under this act. The  
7 commission shall ascertain defects in this act, or in the rules  
8 issued under this act; formulate recommendations for changes in  
9 this act to prevent abuses of this act, guarding against the use  
10 of this act as a cloak for the carrying on of illegal gambling or  
11 other criminal activities; and insure that this act and the rules  
12 promulgated under this act shall be in a form and be administered  
13 so as to implement the purposes of this act.

14       (2) The commission shall make an annual report to the gover-  
15 nor and the legislature of all revenues, expenses, and disburse-  
16 ments, and shall include in this report recommendations for  
17 changes in this act the commission considers necessary or  
18 desirable. The commission shall report immediately to the gover-  
19 nor and the legislature matters which in its judgment require an  
20 immediate change in the law of this state to prevent abuses and  
21 evasions of this act or of rules promulgated under this act, or  
22 to rectify undesirable conditions in connection with the opera-  
23 tion and regulation of casino gaming.

24       Sec. 26. (1) Meetings of the commission shall be held at  
25 the discretion of the chairperson at times and places as he or  
26 she considers necessary and convenient, or at the call of 4  
27 members of the commission.

1       (2) Action of the commission shall be by a majority of the  
2 members serving on the commission, except that a casino license  
3 shall not be issued unless approved by 5 members. If a vacancy  
4 has existed on the commission for more than 60 days, a majority  
5 of the members then serving on the commission may act with  
6 respect to any matter, including the issuance of a casino  
7 license.

8       (3) The business which the commission performs shall be con-  
9 ducted at a public meeting of the commission held in compliance  
10 with the open meetings act, Act No. 267 of the Public Acts of  
11 1976, being sections 15.261 to 15.275 of the Michigan Compiled  
12 Laws. Public notice of the time, date, and place of a meeting of  
13 the commission shall be given in the manner required by Act  
14 No. 267 of the Public Acts of 1976.

15       Sec. 27. (1) The commission shall cause to be made and kept  
16 a verbatim record of all proceedings held at public meetings of  
17 the commission, which record shall be open to public inspection.

18       (2) A true copy of the minutes of every meeting of the com-  
19 mission and of any rule finally adopted by the commission shall  
20 be forthwith delivered, by and under the certification of the  
21 executive secretary, to the governor and the legislature.

22       (3) The commission shall keep and maintain a list of all  
23 applicants for licenses under this act together with a record of  
24 all actions taken with respect to the applicants, which file and  
25 record shall be open to public inspection. The information  
26 regarding an applicant whose license has been denied, revoked, or

1 not renewed shall be removed from the list after 5 years after  
2 the date of the action.

3 (4) The commission shall maintain such other files and  
4 records as considered necessary or desirable by the commission.

5 Sec. 28. (1) Except as provided in section 29, all informa-  
6 tion and data required by the commission to be furnished under  
7 this act or which may otherwise be obtained relative to the  
8 internal controls specified in section 59 or to the earnings or  
9 revenue of an applicant or licensee, shall be considered to be  
10 confidential and shall not be revealed in whole or in part except  
11 in the course of the necessary administration of this act; or  
12 upon the lawful order of a court of competent jurisdiction; or,  
13 with the approval of the attorney general, to an authorized law  
14 enforcement agency.

15 (2) Information and data pertaining to an applicant's crimi-  
16 nal record, family, and background furnished to, or obtained by,  
17 the commission from any source shall be considered confidential  
18 and may be withheld in whole or in part, except that any informa-  
19 tion shall be released upon the lawful order of a court of compe-  
20 tent jurisdiction or, with the approval of the attorney general,  
21 to an authorized law enforcement agency.

22 (3) Notice of the contents of information or data released,  
23 except to an authorized law enforcement agency pursuant to this  
24 section, shall be given to an applicant or licensee in a manner  
25 prescribed by the rules promulgated by the commission.

26 (4) Files, records, reports, and other information in the  
27 possession of the department of treasury pertaining to licensees

1 shall be made available to the commission and the division as may  
2 be necessary to effectively administer this act.

3       Sec. 29. The following information to be reported periodi-  
4 cally to the commission shall not be considered confidential and  
5 shall be made available for public inspection:

6       (a) A licensee's operating revenues and expenses from all  
7 authorized games as defined in this act.

8       (b) The amount of gross gaming revenue fees actually paid  
9 pursuant to section 78, and the amount of investment, if any,  
10 required and allowed.

11       (c) A list of the premises and the nature of improvements,  
12 costs of improvements, and the payees for the improvements, which  
13 were the subject of an investment.

14       (d) All information and data submitted to the commission  
15 relating to the licensee's annual revenues and expenditures,  
16 including annual audits.

17       Sec. 30. The commission may exercise any proper power or  
18 authority necessary to perform the duties assigned to it by law.  
19 A specific enumeration of powers in this act shall not be con-  
20 strued to limit the authority of the commission to administer  
21 this act.

22       Sec. 31. The division shall promptly and in reasonable  
23 order investigate all applications, enforce this act and any rule  
24 promulgated under this act, and prosecute before the commission  
25 all proceedings for violations of this act or rules promulgated  
26 under this act. The division shall provide the commission with  
27 all information necessary for performance of the duties of the

1 commission under this act and for all proceedings involving  
2 enforcement of this act or rules promulgated under this act.

3       Sec. 32. (1) The division shall do all of the following:

4       (a) Investigate the qualifications of each applicant before  
5 a license, certificate, or permit is issued pursuant to this  
6 act.

7       (b) Investigate the circumstances surrounding an act or  
8 transaction for which commission approval is required.

9       (c) Investigate violations of this act and rules promulgated  
10 under this act.

11       (d) Initiate, prosecute, and defend proceedings before the  
12 commission, or appeals from the commission, as the division con-  
13 siderers appropriate.

14       (e) Provide assistance upon request by the commission in the  
15 consideration and promulgation of rules.

16       (f) Conduct continuing reviews of casino operations through  
17 on-site observation and other reasonable means to assure compli-  
18 ance with this act and rules promulgated under this act, subject  
19 to section 16(g).

20       (g) Conduct audits of casino operations, including reviews  
21 of accounting, administrative, and financial records, management  
22 control systems, and procedures and records utilized by a casino  
23 licensee.

24       (2) In order to perform duties under this act, the commis-  
25 sion or the division may request information, materials, and  
26 other data from a licensee or registrant, or applicant for a  
27 license or registration under this act, and the licensee,



1 registrant, or applicant, as a condition of acquiring or  
2 retaining a license/or registration shall supply the requested  
3 information.

4       Sec. 33. A licensee, registrant, or applicant for a license  
5 or registration under this act shall cooperate with the division  
6 in the performance of its duties.

7       Sec. 34. (1) Upon approval of the director, the division  
8 may do any or all of the following:

9       (a) Inspect and examine all premises where casino gaming is  
10 conducted; where gaming devices are manufactured, sold, distrib-  
11 uted, or serviced; or where records of these activities are pre-  
12 pared or maintained.

13       (b) Inspect all equipment and supplies in, about, upon, or  
14 around premises relative to subdivision (a).

15       (c) Seize summarily, remove from premises, and impound  
16 equipment or supplies described in subdivisions (a) and (b), for  
17 purposes of examination and inspection.

18       (d) Inspect, examine, and audit all books, records, and doc-  
19 uments pertaining to a casino licensee's operation.

20       (e) Seize, impound, or assume physical control of any book,  
21 record, ledger, game, device, cash box and its contents, counting  
22 room or its equipment, or casino operations.

23       (f) Inspect the person, and personal effects present in a  
24 casino facility licensed under this act, of a holder of a license  
25 issued pursuant to this act while that person is present in a  
26 licensed casino facility.

1       (2) Subsection (1) shall not be construed to authorize  
2 warrantless inspections except in compliance with constitutional  
3 requirements.

4       (3) To carry out the purposes of this act, the division may  
5 obtain administrative inspection warrants for the inspection and  
6 seizure of property possessed, controlled, bailed, or otherwise  
7 held by an applicant, licensee, registrant, intermediary company,  
8 or holding company.

9       Sec. 35. (1) Issuance and execution of warrants for admin-  
10 istrative inspection shall be pursuant to the following:

11       (a) A judge of a court having jurisdiction in the locality  
12 where the inspection or seizure is to be conducted, upon proper  
13 oath or affirmation showing probable cause, may issue warrants  
14 for the purpose of conducting administrative inspections autho-  
15 rized by this act or rules promulgated under this act and to  
16 authorize seizures of property appropriate to the inspections.

17       (b) A warrant shall issue only upon an affidavit of a person  
18 designated in the affidavit and having knowledge of the facts  
19 alleged, which is sworn to before the judge, and which estab-  
20 lishes the grounds for issuing the warrant. If the judge is sat-  
21 isfied that grounds for the application exist or that there is  
22 probable cause to believe they exist, the judge shall issue a  
23 warrant identifying the area, premises, building, or conveyance  
24 to be inspected; the purpose of the inspection; and, where appro-  
25 priate, the type of property to be inspected, if any. The war-  
26 rant shall identify the item or types of property to be seized,  
27 if any. The warrant shall be directed to a person authorized to

1 execute it. The warrant shall state the grounds for its issuance  
2 and the name of the person or persons whose affidavit has been  
3 taken in support thereof. It shall command the person to whom it  
4 is directed to inspect the area, premises, building, or convey-  
5 ance identified for the purpose specified, and where appropriate,  
6 shall direct the seizure of the property specified. The warrant  
7 shall direct that it be served during normal business hours of  
8 the licensee. It shall designate the judge to whom it shall be  
9 returned.

10 (c) A warrant issued pursuant to this section shall be exe-  
11 cuted and returned within 10 days after its date. If property is  
12 seized pursuant to a warrant, the person executing the warrant  
13 shall give to the person from whom or from whose premises the  
14 property was taken a copy of the warrant and a receipt for the  
15 property taken or shall leave the copy and receipt at the place  
16 from which the property was taken. The return of the warrant  
17 shall be made promptly and shall be accompanied by a written  
18 inventory of any property taken. The inventory shall be made in  
19 the presence of the person executing the warrant and of the  
20 person from whose possession or premises the property was taken,  
21 if they are present, or if the person from whose possession or  
22 premises the property was taken is absent, in the presence of at  
23 least 1 credible person other than the person executing the  
24 warrant.

25 (d) The judge who has issued a warrant under this section  
26 shall attach to the warrant a copy of the return and all papers  
27 filed in connection with the warrant and shall cause them to be

1 filed with the court which issued the warrant. The clerk of the  
2 court, upon request, shall deliver a copy of the inventory to the  
3 person from whom or from whose premises the property was taken  
4 and to the applicant for the warrant.

5 (2) For purposes of this section, "probable cause" means a  
6 valid public interest in the effective enforcement of this act or  
7 rules promulgated under this act sufficient to justify adminis-  
8 trative inspection of the area, premises, building, or conveyance  
9 in the circumstances specified in the application for the  
10 warrant.

11 Sec. 36. The division may make administrative inspections  
12 to check for compliance by an applicant, licensee, registrant,  
13 intermediary company, or holding company with this act or rules  
14 promulgated under this act, and investigate any violations of  
15 this act or rules promulgated under this act.

16 Sec. 37. Sections 34 to 36 shall not be construed to pre-  
17 vent entries and administrative inspections, including seizures  
18 of property, without a warrant under 1 or more of the following  
19 circumstances:

20 (a) When the consent of the owner, operator, or agent in  
21 charge of the controlled premises is given.

22 (b) If there is imminent danger to health or safety.

23 (c) In a situation involving inspection of conveyances if  
24 there is reasonable cause to believe that the mobility of the  
25 conveyance makes it impracticable to obtain a warrant, or in any  
26 other exceptional or emergency circumstance where time or  
27 opportunity to apply for a warrant is lacking.

1 (d) In accordance with the provisions of this act.

2 (e) In all other situations where a warrant is not constitu-  
3 tionally required.

4 Sec. 38. (1) An applicant or licensee shall establish by  
5 clear and convincing evidence his or her individual qualifica-  
6 tions for a license. A casino licensee shall establish the qual-  
7 ifications of each person who is required to be qualified under  
8 this act as well as the qualifications of the facility in which  
9 the casino is to be located.

10 (2) An applicant, licensee, or any other person who is  
11 required to be qualified under this act shall provide all infor-  
12 mation required by this act and satisfy all requests for informa-  
13 tion pertaining to qualification and in the form specified by the  
14 commission. The applicants and licensees shall be considered to  
15 have waived any right of privacy with respect to information fur-  
16 nished for qualification under this act, and there shall not be  
17 liability on the part of this state, its instrumentalities, or  
18 agents for damages resulting from lawful or unintentional disclo-  
19 sure or publication in any manner of material or information  
20 acquired during inquiries, investigations, or hearings.

21 (3) An applicant, licensee, registrant, intermediary com-  
22 pany, and holding company shall consent to inspections, searches  
23 and seizures, and the supplying of handwriting exemplars as  
24 authorized by this act or rules promulgated under this act.

25 (4) An applicant, licensee, registrant, and any other person  
26 who is required to be qualified under this act shall provide  
27 assistance or information required by the commission or division,

1 and shall cooperate in an inquiry or investigation conducted by  
2 the division or in an inquiry, investigation, or hearing con-  
3 ducted by the commission. If, upon issuance of a formal request  
4 to answer or produce information, evidence, or testimony, an  
5 applicant, licensee, registrant, or any other person who is  
6 required to be qualified under this act refuses to comply with  
7 the request, the application, license, registration, or qualifi-  
8 cation of the person may be denied or revoked by the commission.

9 (5) An applicant or licensee shall not give or provide, or  
10 offer to give or provide, directly or indirectly, compensation, a  
11 reward, or a percentage or share of the money or property played  
12 or received through gaming activities, except as authorized by  
13 this act, in consideration for obtaining a license, authoriza-  
14 tion, permission, or privilege to participate in any way in  
15 gaming operations.

16 (6) An applicant or person who is required to be qualified  
17 under this act shall be photographed and fingerprinted for iden-  
18 tification and investigation purposes pursuant to procedures  
19 established by the commission.

20 Sec. 39. (1) The commission may issue a statement of com-  
21 pliance to an applicant for a license under this act when the  
22 commission is satisfied that at least 1 particular eligibility  
23 criteria is satisfied by an applicant.

24 (2) The statement shall specify the eligibility criterion  
25 satisfied and the date of the satisfaction, and shall contain a  
26 reservation to the commission to revoke the statement of

1 compliance when based upon a change of circumstances affecting  
2 the compliance.

3       (3) A statement of compliance certifying satisfaction of all  
4 of the eligibility requirements with respect to a specific casino  
5 hotel submitted by an eligible applicant may be accompanied by a  
6 written commitment from the commission that a casino license will  
7 be reserved for the eligible applicant for not more than 18  
8 months. The license shall be issued to an eligible applicant  
9 with respect to the specific casino if the applicant satisfies  
10 all of the following requirements:

11       (a) Complies in all respects with this act.

12       (b) Qualifies for a casino license within 18 months after  
13 the date of the commitment.

14       (c) Complies with other conditions as the commission  
15 imposes.

16       (4) The commission may revoke reservation of a license if it  
17 finds that the applicant is disqualified from receiving or hold-  
18 ing a casino license or has failed to comply with any condition  
19 imposed by the commission. A license reservation shall be auto-  
20 matically revoked if the applicant does not qualify for a casino  
21 license within the period of the commitment.

22       (5) The commission shall not issue a certificate of opera-  
23 tion pursuant to section 56 unless the casino has conformed to  
24 the requirements of this act and applicable rules promulgated  
25 under this act, and unless the casino is operational and ade-  
26 quately staffed by trained personnel so as to be able to serve  
27 the public.

1       Sec. 40. (1) A casino shall not operate unless all  
2 necessary licenses and approvals are obtained pursuant to law.

3       (2) A person may apply for a casino license if the person  
4 agrees to comply in all respects with this act and the rules  
5 promulgated under this act, and if the person satisfies the  
6 requirements of subsection (3) or (4).

7       (3) In addition to issuing licenses pursuant to subsection  
8 (4), the commission shall issue licenses to any person south of  
9 the correction line if the proposed establishment complies with  
10 either of the following:

11       (a) In the case of a land-based casino, all of the following  
12 requirements are met:

13       (i) The establishment is located within a city with a popu-  
14 lation of not more than 35,000.

15       (ii) The establishment is located within a county with a  
16 population of 1,000,000 or more that contains an international  
17 airport.

18       (iii) The establishment is located within 50 miles of an  
19 international border.

20       (iv) The establishment proposes to build a casino of at  
21 least 40 contiguous acres containing at least 150,000 square feet  
22 of casino space.

23       (b) In the case of a riverboat casino, all of the following  
24 requirements are met:

25       (i) Is located within a city with a population of not less  
26 than 900,000.



1 (ii) Is located within a county with a population of  
2 1,000,000 or more.

3 (iii) Is located on a navigable river or body of water con-  
4 tiguous with an international border.

5 (4) In addition to issuing licenses pursuant to subsection  
6 (3), the commission shall issue licenses to any person north of  
7 the correction line if the proposed establishment complies with  
8 both of the following:

9 (a) The proposed establishment is a land-based casino on a  
10 site approved by the local unit of government within which the  
11 establishment is to be located.

12 (b) The proposed establishment contains not more than 15,000  
13 square feet of casino space.

14 (5) The total gaming area of all casinos located north of  
15 the correction line and issued pursuant to this act shall not  
16 exceed 60,000 square feet of casino space.

17 (6) The commission shall issue a license to only 1 person  
18 satisfying the criteria described in subsection (3)(a) during the  
19 first 20-year period after the effective date of this act. The  
20 renewal shall comply with the prescriptions contained in section  
21 48.

22 (7) Beginning 20 years after the effective date of this act,  
23 the commission may issue a license under subsection (3)(a) to any  
24 person meeting financial suitability requirements prescribed by  
25 rules of the commission.

26 (8) As used in this section:

1 (a) "Correction line" means a line drawn between the  
2 southernmost border of Muskegon county and the southernmost  
3 border of Sanilac county.

4 (b) "Riverboat" means a self-propelled and seaworthy excur-  
5 sion board.

6 Sec. 41. (1) A corporation shall not apply for a casino  
7 license unless the corporation satisfies all of the following  
8 eligibility requirements:

9 (a) Is incorporated in this state, although the corporation  
10 may be a wholly or partially owned subsidiary of a corporation  
11 which is chartered in another state.

12 (b) Maintains an office of the corporation in the premises  
13 licensed or to be licensed.

14 (c) Complies with the requirements of the laws of this state  
15 pertaining to corporations.

16 (d) Maintains a ledger in the principal office of the corpo-  
17 ration in this state which reflects the current ownership of  
18 every class of security issued by the corporation and which is  
19 available for inspection by the commission or the division at all  
20 reasonable times without notice.

21 (e) Maintains operating accounts required by the commission  
22 in a bank in this state.

23 (f) Includes among the purposes stated in its articles of  
24 incorporation the conduct of casino gaming.

25 (g) If it is not a publicly traded corporation, adopts and  
26 files with the commission the corporate charter or bylaws  
27 establishing the right of the commission to approve future

1 transfers of corporate securities, shares, and other interests in  
2 the applicant corporation and in any holding company, intermedi-  
3 ary company, or subsidiary company of the applicant corporation.  
4 If it is a publicly traded corporation, the corporation shall  
5 provide in its corporate charter or bylaws that securities of the  
6 corporation are held subject to the condition that if a holder of  
7 securities of the corporation is found to be disqualified by the  
8 commission pursuant to this act, the holder shall dispose of his  
9 or her security interest in the corporation. This section shall  
10 not be construed to require that a security of the corporation  
11 bear a legend to this effect.

12 (h) If it is not a publicly traded corporation, establishes  
13 to the satisfaction of the commission that appropriate charter or  
14 bylaws create the absolute right of the corporations and com-  
15 panies to repurchase, prior to another purchase, at the market  
16 price or the purchase price, whichever is the lesser, any securi-  
17 ty, share, or other interest in the corporation if the commission  
18 disapproves a transfer in accordance with this act.

19 (2) The commission shall not issue a casino license to a  
20 person unless that person presents a copy of an agreement with  
21 the city within which the casino is proposed to be located  
22 approving the site location; the type, nature, and appearance of  
23 the buildings; and the casino operator. The agreement shall also  
24 provide for the payment of fees pursuant to sections 73, 74, 75,  
25 76, 77, 78, and 79.

26 Sec. 42. A person shall not be issued or be the holder of  
27 more than 1 casino license. For purposes of this section, a

1 person shall be considered the holder of a casino license if the  
2 license is issued to the person or if the license is held by a  
3 holding, intermediary, or subsidiary company of the person, or by  
4 an officer, director, casino key employee, or principal employee  
5 of the person or of a holding, intermediary, or subsidiary com-  
6 pany of the person.

7       Sec. 43. (1) An applicant for a casino license shall  
8 produce information, documentation, and assurances concerning  
9 financial background and resources as may be required to estab-  
10 lish by clear and convincing evidence the financial stability,  
11 integrity, and responsibility of the applicant, including bank  
12 references, business and personal income and disbursement sched-  
13 ules, tax returns and other reports filed with governmental agen-  
14 cies, and business and personal accounting and check records and  
15 ledgers. An applicant shall, in writing, authorize the examina-  
16 tion of bank accounts and records as considered necessary by the  
17 commission or the division.

18       (2) An applicant shall produce information, documentation,  
19 and assurances as may be necessary to establish by clear and con-  
20 vincing evidence the integrity and reputation of all financial  
21 backers, investors, mortgagees, bondholders, and holders of  
22 indentures, notes, or other evidences of indebtedness, either in  
23 effect or proposed, which bear any relation to the casino pro-  
24 posal submitted by the applicant. The reputation and integrity  
25 of financial sources shall be judged upon the same standards as  
26 the applicant. The applicant shall produce whatever information,  
27 documentation, or assurance may be required to establish by clear

1 and convincing evidence the adequacy of financial resources both  
2 as to the completion of a casino proposal and the operation of  
3 the casino.

4       (3) An applicant shall produce information, documentation,  
5 and assurances of good character as may be required to establish  
6 by clear and convincing evidence the applicant's reputation for  
7 honesty and integrity. The information shall include information  
8 pertaining to family, habits, character, criminal and arrest  
9 records, business activities, financial affairs, and business,  
10 professional, and personal associates, for the 10-year period  
11 immediately preceding the filing of the application. An appli-  
12 cant shall notify the commission of any civil judgments obtained  
13 against the applicant based upon antitrust or security regulation  
14 laws of the federal government, of this state, or of any other  
15 state, jurisdiction, province, or country. An applicant shall  
16 produce letters of reference from law enforcement agencies having  
17 jurisdiction in the applicant's place of residence and principal  
18 place of business, indicating that the law enforcement agencies  
19 do not have pertinent information concerning the applicant. If a  
20 law enforcement agency does have information pertaining to the  
21 applicant, the law enforcement agency shall specify that informa-  
22 tion in a letter to the commission. If the applicant has con-  
23 ducted gaming operations in a jurisdiction which permits the  
24 activity, the applicant shall produce letters of reference from  
25 the gaming or casino enforcement or control agency which shall  
26 specify the experiences of the agency with the applicant, the  
27 applicant's associates, and the applicant's gaming operation. If

1 letters of reference required from other gaming or casino  
2 enforcement or control agencies are not received within 60 days  
3 after request, the applicant may submit a statement under oath  
4 that he or she is or was, during the period the activities were  
5 conducted, in good standing with the gaming or casino enforcement  
6 or control agency.

7       (4) An applicant shall produce information, documentation,  
8 and assurances as required to establish by clear and convincing  
9 evidence that the applicant has sufficient business ability and  
10 casino experience so that there is a substantial likelihood of  
11 creation and maintenance of a successful and efficient casino  
12 operation. The applicant shall produce the names of all proposed  
13 casino key employees as they become known, a description of their  
14 respective or proposed responsibilities, and a full description  
15 of security systems and management controls proposed for the  
16 casino and related facilities.

17       (5) An applicant shall produce information, documentation,  
18 and assurances to establish to the satisfaction of the commission  
19 the suitability of the casino, related facilities, and its pro-  
20 posed location, and to establish that the proposal will not  
21 adversely affect other casino operations or environmental condi-  
22 tions in the locality of the casino. An applicant shall submit  
23 an impact statement which shall include architectural and site  
24 plans which establish that the proposed facilities comply in all  
25 respects to the requirements of this act.

26       Sec. 44. (1) A corporation applying for a casino license  
27 shall provide the following information:

1 (a) The organization, financial structure, and nature of all  
2 businesses operated by the corporation and its holding, interme-  
3 diary, and subsidiary companies, including names, personal  
4 employment, and criminal histories of all officers, directors,  
5 and principal employees of the applicant corporation and its  
6 holding, intermediary, and subsidiary companies.

7 (b) The rights and privileges acquired by the holders of  
8 different classes of authorized securities of the applicant cor-  
9 poration and its holding, intermediary, and subsidiary companies,  
10 including the names, addresses, and amounts held by all holders  
11 of the securities.

12 (c) The terms upon which securities were or are to be  
13 offered.

14 (d) The terms and conditions of all outstanding loans, mort-  
15 gages, trust deeds, pledges, or other evidences of indebtedness,  
16 or security devices utilized by the corporation.

17 (e) The extent of the equity security holdings in the corpo-  
18 ration of all officers, directors, and underwriters, and their  
19 remuneration in the form of salary, wages, fees, or otherwise.

20 (f) Names of persons other than directors and officers whose  
21 compensation exceeds \$25,000.00 per annum, and the amount of com-  
22 pensation each person receives.

23 (g) A description of bonus and profit sharing arrangements.

24 (h) Copies of management and service contracts.

25 (i) A listing of stock options existing or to be created.

26 (2) If a corporation applying for a casino license is, or if  
27 a corporation holding a casino license is to become, a

1 subsidiary, each holding company and each intermediary company  
2 shall do all the following, as a condition of acquiring or  
3 retaining a license:

4 (a) Qualify to do business in this state.

5 (b) If it is a corporation, register with the commission and  
6 furnish the commission with all the information required of a  
7 corporate licensee as specified in subsection (1); or, if it is  
8 not a corporation, register with the commission and furnish the  
9 commission with such information as the commission prescribes.  
10 The commission may, in its discretion, make such investigations  
11 concerning the officers, directors, underwriters, security hold-  
12 ers, partners, principals, trustees, or persons owning or benefi-  
13 cially holding an interest in a holding company or intermediary  
14 company as it considers necessary, either at the time of initial  
15 registration or at any time after the initial registration.

16 Sec. 45. (1) A corporation shall not hold a casino license  
17 unless each officer, director, person who directly or indirectly  
18 holds a beneficial interest or ownership of the securities issued  
19 by the corporation; each person who in the opinion of the commis-  
20 sion has the ability to control the corporation or elect a major-  
21 ity of the board of directors of that corporation, other than a  
22 banking or other licensed lending institution which holds a mort-  
23 gage or other lien acquired in the ordinary course of business;  
24 each principal employee; and each lender, underwriter, agent, or  
25 employee of the corporation whom the commission considers appro-  
26 priate for approval or qualification would, but for residence,



1 individually be qualified for approval as a casino key employee  
2 pursuant to this act.

3       (2) A corporation which is a subsidiary shall not receive or  
4 hold a casino license unless each holding and intermediary com-  
5 pany satisfies 1 or more of the following:

6       (a) If it is a corporation, complies with subsection (1) as  
7 if the holding or intermediary company were itself applying for a  
8 casino license. The commission with the concurrence of the  
9 director may waive compliance with subsection (1) for an officer,  
10 director, lender, underwriter, agent, or employee of a  
11 publicly-traded corporation which is a holding company, or for a  
12 person directly or indirectly holding a beneficial interest or  
13 ownership of the securities of a publicly-traded corporation  
14 which is a holding company, if the commission and the director  
15 are satisfied that the officer, director, lender, underwriter,  
16 agent, or employee is not significantly involved in the activi-  
17 ties of the corporate licensee, and in the case of security hold-  
18 ers, does not have the ability to control or elect a director of  
19 the publicly-traded corporation or elect a director.

20       (b) If it is not a corporation, complies with subsection (3)  
21 as if the company were itself applying for a casino license.

22       (3) A noncorporate applicant for a casino license shall pro-  
23 vide the information required in section 44(2)(b) in a form as  
24 required by the commission or the division. The noncorporate  
25 applicant shall not hold a casino license unless each person who  
26 directly or indirectly holds a beneficial interest or ownership  
27 in the applicant, or who in the opinion of the commission has the

1 ability to control the applicant, or whom the commission  
2 considers appropriate for approval or qualification, would, but  
3 for residence, individually be qualified for approval as a casino  
4 key employee pursuant to this act.

5       Sec. 46. The commission shall deny a casino license to an  
6 applicant who is disqualified on the basis of 1 or more of the  
7 following:

8       (a) Failure of the applicant to prove by clear and convinc-  
9 ing evidence that the applicant is qualified in accordance with  
10 this act.

11       (b) Failure of the applicant to provide information, docu-  
12 mentation, or assurances required by this act or requested by the  
13 commission, or failure of the applicant to reveal a fact material  
14 to qualification, or the supplying of information which is untrue  
15 or misleading as to a material fact pertaining to the  
16 qualification.

17       (c) The applicant or person required to be qualified under  
18 this act was convicted of a felony or a misdemeanor having maxi-  
19 mum imprisonment of 2 years or more.

20       (d) Current prosecution or pending charges in any jurisdic-  
21 tion of the applicant or of a person who is required to be quali-  
22 fied under this act as a condition of a casino license, for an  
23 offense encompassed by subdivision (c). At the request of the  
24 applicant or the person charged, the commission shall defer deci-  
25 sion upon the application during the pendency of the charge.

26       (e) The pursuit by the applicant, or by a person who is  
27 required to be qualified under this act as a condition of a

1 casino license, of economic gain in an occupational manner or  
2 context which is in violation of the criminal or civil laws of  
3 this state, if the pursuit creates a reasonable belief that the  
4 participation of the person in casino operations would be inimi-  
5 cal to the policies of this act or to legalized gaming in this  
6 state.

7 (f) The identification of the applicant or a person who is  
8 required to be qualified under this act as a condition of a  
9 casino license as a career offender, as a member of a career  
10 offender cartel, or as an associate of a career offender or  
11 career offender cartel in a manner which creates a reasonable  
12 belief that the association is of such a nature as to be inimical  
13 to the policy of this act and to gaming operations. For purposes  
14 of this subdivision, "career offender" means a person whose  
15 behavior is pursued in an occupational manner or context for the  
16 purpose of economic gain, utilizing methods which are considered  
17 criminal violations of the laws of this state. A "career  
18 offender cartel" means a group of persons who operate together as  
19 career offenders.

20 (g) Unjustified defiance by the applicant or a person who is  
21 required to be qualified under this act of a legislative investi-  
22 gatory body or other official investigatory body of this state or  
23 of the United States when the body is engaged in the investiga-  
24 tion of crimes relating to gaming, official corruption, or orga-  
25 nized crime activity.

26 Sec. 47. (1) Upon the filing of an application and  
27 supplemental information as the commission requires, the

1 commission shall request the division to conduct an investigation  
2 into the qualification of the applicant, and the commission shall  
3 conduct hearings, concerning the qualification of the applicant  
4 and pursuant to its rules, as may be necessary to determine qual-  
5 ifications for casino license.

6 (2) After the investigation, the commission may either deny  
7 the application or grant a casino license to an applicant whom it  
8 determines to be qualified to hold the license.

9 (3) The commission may deny an application pursuant to this  
10 act. When an application is denied, the commission shall prepare  
11 and file an order denying the application with the reasons for  
12 the denial. If requested by the applicant, the commission shall  
13 prepare and file a statement of the reasons for the denial,  
14 including the specific findings of facts.

15 (4) After an application is submitted to the commission,  
16 final action of the commission shall be taken within 90 days  
17 after completion of hearings and investigations and the receipt  
18 of information required by the commission.

19 (5) If satisfied that an applicant is qualified to receive a  
20 casino license, and upon tender of all license fees and taxes  
21 required by law and rules of the commission, and of bonds which  
22 the commission requires for the faithful performance of the  
23 requirements imposed by law or rules, the commission shall issue  
24 a casino license.

25 (6) The commission shall fix the amount of the bond to be  
26 required under this section in an amount it considers  
27 appropriate, by rules of uniform application. The bonds

1 furnished may be applied by the commission to the payment of any  
2 unpaid liability of the licensee under this act. The bond shall  
3 be furnished in cash or negotiable securities, by a surety bond  
4 guaranteed by a satisfactory guarantor, or by an irrevocable  
5 letter of credit issued by a banking institution of this state  
6 acceptable to the commission. If furnished in cash or negotiable  
7 securities, the principal shall be placed without restriction at  
8 the disposal of the commission, but any income shall inure to the  
9 benefit of the licensee.

10       Sec. 48. (1) Subject to the power of the commission to  
11 deny, revoke, or suspend licenses, a casino license in force  
12 shall be renewed by the commission for the next succeeding  
13 license period of not less than 10 years upon proper application  
14 for renewal and payment of license fees required by this act and  
15 the rules of the commission. The commission shall act upon an  
16 application for renewal not later than 30 days before the date of  
17 expiration of the current license.

18       (2) Application for renewal shall be filed with the commis-  
19 sion not later than 90 days before the expiration of the current  
20 license, and license fees as required by this act shall be paid  
21 to the commission before the date of expiration of the current  
22 license.

23       (3) Upon renewal of a license the commission shall issue an  
24 appropriate renewal certificate or validating device or sticker  
25 which shall be attached to the casino license.

1       Sec. 49. (1) A person shall not be employed as a casino key  
2 employee unless the person is the holder of a valid casino key  
3 employee license issued by the commission.

4       (2) Before the issuance of a casino key employee license, an  
5 applicant shall produce information, documentation, and assur-  
6 ances so as to establish by clear and convincing evidence, all of  
7 the following qualifications:

8       (a) The financial stability, integrity, and responsibility  
9 of the applicant, including bank references, business and per-  
10 sonal income and disbursement schedules, tax returns and other  
11 reports filed with governmental agencies, and business and per-  
12 sonal accounting and check records and ledgers. An applicant  
13 shall, in writing, authorize the examination of all bank accounts  
14 and records as considered necessary by the commission or the  
15 division.

16       (b) The applicant's reputation for good character, honesty,  
17 and integrity. The information shall include data pertaining to  
18 family, habits, character, criminal and arrest record, business  
19 activities, financial affairs, and business, professional, and  
20 personal associates, for the 10-year period immediately preceding  
21 the filing of the application. An applicant shall notify the  
22 commission of any civil judgments obtained against the applicant  
23 based upon antitrust or security regulation laws of the federal  
24 government, of this state, or of any other state, jurisdiction,  
25 province, or country. An applicant shall produce letters of ref-  
26 erence from law enforcement agencies having jurisdiction in the  
27 applicant's place of residence and principal place of business,

1 which letters of reference shall indicate that the law  
2 enforcement agencies do not have any pertinent information con-  
3 cerning the applicant. If the law enforcement agency does have  
4 information pertaining to the applicant, the law enforcement  
5 agency shall specify that information in a letter to the  
6 commission. If the applicant has been associated with gaming or  
7 casino operations in any capacity, position, or employment in a  
8 jurisdiction which permits the activity, the applicant shall  
9 produce letters of reference from the gaming or casino enforce-  
10 ment or control agency which shall specify the experiences of the  
11 agency with the applicant, the applicant's associates, and the  
12 applicant's participation in the gaming operations of that  
13 jurisdiction. If letters of reference required from other gaming  
14 or casino enforcement or control agencies are not received within  
15 60 days after their request, the applicant may submit a statement  
16 under oath that the person is, or was during the period the  
17 activities were conducted, in good standing with the gaming or  
18 casino enforcement or control agency.

19 (c) Sufficient business ability and casino experience so  
20 that there is a reasonable likelihood of success and efficiency  
21 in the particular position involved.

22 (d) That the applicant is a resident of this state.

23 (3) The commission shall endorse upon any license issued  
24 under this section the particular positions as defined by this  
25 act or by rule which the licensee is qualified to hold.

1       (4) The commission shall deny a casino key employee license  
2 to an applicant who is disqualified on the basis of the criteria  
3 contained in section 46.

4       Sec. 50. (1) A person shall not commence employment as a  
5 casino employee unless the person is the holder of a valid casino  
6 employee license issued by the commission.

7       (2) Before the issuance of a license, an applicant for a  
8 casino employee license shall produce sufficient information,  
9 documentation, and assurances to meet the qualification criteria,  
10 including residency, contained in section 49(2), except that the  
11 standards for business ability and casino experience may be sat-  
12 isfied by a showing of casino job experience and knowledge of  
13 this act and rules pertaining to the particular position  
14 involved, or by successful completion of a course of study at a  
15 licensed school in an approved curriculum of casino gaming.

16       (3) The commission shall endorse upon a license issued under  
17 this section the particular positions as defined by rule which  
18 the licensee is qualified to hold.

19       (4) The commission shall deny a casino employee license to  
20 an applicant who is disqualified on the basis of the criteria  
21 contained in section 46.

22       (5) For purposes of this section, casino security employees  
23 shall be considered casino employees and, in addition to other  
24 requirements of law, shall be licensed under this act.

25       Sec. 52. (1) A casino service industry offering goods or  
26 services on a regular basis which directly relate to casino or  
27 gaming activity, including gaming equipment manufacturers,



1 suppliers and repairers, schools teaching gaming and either  
2 playing or dealing techniques, and casino security services,  
3 shall be licensed in accordance with this act before conducting  
4 business with a casino licensee, its employees, or agents, and in  
5 the case of a school, before enrollment of students or offering  
6 of courses to the public whether for compensation or not.

7       (2) A casino service industry prescribed in subsection (1),  
8 as well as its owners, management, supervisory personnel, and  
9 other principal employees shall qualify under the standards,  
10 except residency, established for qualification of a casino key  
11 employee under this act. If the business or enterprise is a  
12 school teaching gaming and either playing or dealing techniques,  
13 each employee of the school shall qualify under the standards  
14 established for qualification of a casino employee under this  
15 act. This subsection does not require, in the case of a public  
16 school district or public institution of higher education, the  
17 licensure or qualification of any individuals except those  
18 instructors and other principal employees responsible for the  
19 teaching of playing or dealing techniques.

20       (3) A casino service industry not prescribed in subsection  
21 (1) shall be licensed in accordance with rules of the commission  
22 before commencement or continuation of a business with a casino  
23 licensee or its agents. The casino service industries, whether  
24 or not directly related to gaming operations, includes suppliers  
25 of alcoholic liquor, food, and nonalcoholic beverages; garbage  
26 handlers; vending machine providers; linen suppliers; maintenance  
27 companies; shopkeepers located within the approved hotel; and

1 limousine services contracting with casino licensees. The  
2 commission may exempt any person or field of commerce from the  
3 licensing requirements of this subsection if it finds that the  
4 person or field of commerce is regulated by a public agency and  
5 that licensure under this act is not necessary to protect the  
6 public interest or to accomplish the policies established by this  
7 act.

8 (4) Licensure of a casino service industry pursuant to sub-  
9 section (3) may be denied to an applicant disqualified on the  
10 basis of the criteria contained in section 46.

11 Sec. 53. (1) A labor organization, union, or affiliate  
12 seeking to represent employees licensed under this act and  
13 employed by a casino hotel or a casino licensee shall register  
14 with the commission annually, and shall disclose information to  
15 the commission as the commission requires, including the names of  
16 all affiliated organizations, pension and welfare systems, and  
17 all officers and agents of the organizations and systems. A  
18 labor organization, union, or affiliate shall not be required to  
19 furnish this information to the extent the information is  
20 included in a report filed by any labor organization, union, or  
21 affiliate with the secretary of labor pursuant to section  
22 201(a)-(c) of title II of the labor-management reporting and dis-  
23 closure act of 1959, 29 U.S.C. 431, or section 101 of title I,  
24 subtitle B, part 1, of the employee retirement income security  
25 act of 1974, 29 U.S.C. 1021 if a copy of the report, or of the  
26 portion of the report containing the information, is furnished to  
27 the commission pursuant to the federal law. The commission may

1 in its discretion exempt a labor organization, union, or  
2 affiliate from the registration requirements of this subsection  
3 if the commission finds that the organization, union, or affili-  
4 ate is not the certified bargaining representative of any  
5 employee licensed under this act, is not involved actively,  
6 directly, or substantially in the control or direction of the  
7 representation of the employee, and is not seeking to be the cer-  
8 tified bargaining representative or be involved in the control or  
9 direction of the employee's representation.

10 (2) A labor organization, union, or affiliate registered or  
11 required to be registered under this section which represents or  
12 seeks to represent employees licensed under this act shall not  
13 receive any dues from an employee licensed under this act who is  
14 employed by a casino licensee or its agent, or administer any  
15 pension or welfare funds, if an officer, agent, or principal  
16 employee of the labor organization, union, or affiliate is dis-  
17 qualified on the basis of criteria contained in section 46. The  
18 commission may, for the purposes of this subsection, waive any  
19 disqualification criterion consistent with this act upon a find-  
20 ing that the interests of justice require a waiver.

21 (3) A labor organization, union, or affiliate or its offi-  
22 cers and agents not otherwise individually licensed under this  
23 act and employed by a casino licensee shall not hold a financial  
24 interest in the casino hotel or casino whose employees they  
25 represent.

26 Sec. 54. (1) Upon the filing of an application for a  
27 license or registration required by this act for other than a

1 casino license, and after submission of any supplemental  
2 information which the commission requires, the commission shall  
3 request the division to conduct an investigation into the quali-  
4 fication of the applicant, and the commission shall conduct hear-  
5 ings, concerning the qualification of the applicant and pursuant  
6 to its rules, as necessary to determine qualification for the  
7 license or registration.

8       (2) After the investigation, the commission may either deny  
9 the application or grant a license to or accept the registration  
10 of an applicant whom it determines to be qualified to hold the  
11 license or registration.

12       (3) The commission may deny an application for a license or  
13 registration pursuant to this act. When an application is  
14 denied, the commission shall prepare and file the order denying  
15 the application with the general reasons for the denial. If  
16 requested by the applicant, the commission shall prepare and file  
17 a statement of the reasons for the denial, including the specific  
18 findings of facts.

19       (4) When the commission grants an application, the commis-  
20 sion may limit or place restrictions upon the license as it con-  
21 siderers necessary in the public interest. Licenses shall be  
22 granted and registrations approved for a term of 1 year.

23       (5) After an application is submitted to the commission,  
24 final action of the commission shall be taken within 90 days  
25 after completion of the hearings and investigations and the  
26 receipt of the information required by the commission.

1        Sec. 55. Subject to the power of the commission to deny,  
2 revoke, or suspend a license or registration, a license other  
3 than a casino license, or a registration, may be renewed upon  
4 proper application for renewal not later than 90 days before the  
5 expiration of the current license or registration, and the pay-  
6 ment of fees as provided by law before the date of expiration of  
7 the current license or registration. The commission shall act  
8 upon the application for renewal not later than 30 days before  
9 the date of expiration of the current license or registration.

10       Sec. 56. (1) A casino shall not be opened or remain open to  
11 the public, and gaming activity, except for test purposes, shall  
12 not be conducted in a casino, unless a valid certificate of oper-  
13 ation is issued to the casino licensee by the commission. The  
14 certificate shall be issued by the commission upon a finding that  
15 a casino complies in all respects with the requirements of this  
16 act and rules promulgated under this act, including all of the  
17 following:

18       (a) That the casino licensee has implemented necessary man-  
19 agement controls and security precautions.

20       (b) That casino personnel are properly trained and licensed  
21 for their respective responsibilities.

22       (c) That the casino is prepared in all respects to receive  
23 only those members of the public who are 21 years of age or  
24 older.

25       (d) That signs are posted in prominent locations throughout  
26 the casino which state that persons under 21 years of age are not

1 allowed to enter the designated casino area or to participate in  
2 any casino game as a player.

3 (e) That not more than 50% of the slot machines on the  
4 casino's premises are manufactured by 1 manufacturer.

5 (2) The certificate of operation shall include a statement  
6 of compliance with subsection (1) and an itemized list by cate-  
7 gory and number of the authorized games permitted in the particu-  
8 lar casino establishment.

9 (3) A casino licensee shall notify the commission at least  
10 30 days before a proposed change in the number of authorized  
11 games to be played in a particular casino, and shall request the  
12 issuance of a certificate of operation which permits the changes  
13 to occur. The commission shall issue a revised certificate of  
14 operation unless it finds that the planned change in authorized  
15 games does not conform to the requirements of this act or rules  
16 promulgated under this act, or that there has been a change of  
17 circumstances in the casino or with respect to the casino  
18 licensee materially affecting compliance with subsection (1).

19 (4) A certificate of operation shall remain in force and  
20 effect unless altered in accordance with subsection (3), or  
21 revoked, suspended, limited, or otherwise altered by the commis-  
22 sion pursuant to this act.

23 (5) As a condition of continued operation under this act, a  
24 casino licensee shall maintain all books, records, and documents  
25 pertaining to the licensee's operations on the licensed premises  
26 immediately available for inspection during all hours of

1 operation. The books, records, and documents shall be maintained  
2 for a period of not less than 7 years.

3       Sec. 57. (1) A casino licensed under this act shall not  
4 operate between the hours of 6 a.m. and 10 a.m. on Saturdays,  
5 Sundays, and state and federal holidays, or between the hours of  
6 4 a.m. and 10 a.m. on all other days.

7       (2) A casino licensee shall file with the commission a  
8 schedule of hours before the issuance of an initial certificate  
9 of operation. If the casino licensee proposes a change in sched-  
10 uled hours, the proposed change shall not take effect until the  
11 licensee files a notice of the new schedule of hours with the  
12 commission. A filing shall be made not less than 30 days before  
13 the effective date of the proposed change in hours.

14       (3) This section shall not be construed to prohibit a casino  
15 licensee from opening its casino later than, or closing its  
16 casino earlier than, the times stated in its schedule of operat-  
17 ing hours.

18       Sec. 58. (1) A casino licensee shall arrange the facilities  
19 of its casino in a manner which promotes maximum comfort for the  
20 patrons and optimum security for the casino operation, and shall  
21 comply in all respects with rules of the commission pertaining to  
22 the facilities.

23       (2) A casino licensee shall do all of the following:

24       (a) Install a closed circuit television system according to  
25 specifications approved by the commission, and provide access on  
26 the licensed premises to the system or its signal by the

1 commission or the division, in accordance with rules pertaining  
2 thereto.

3 (b) Provide exterior public entrances to a casino only  
4 through an enclosed lobby or receiving foyer of not less than 400  
5 square feet. This section shall not limit the number of  
6 entrances to a casino.

7 (c) Establish a single room of at least 15,000 square feet  
8 as its casino, and provide that visibility between any 2 areas in  
9 the casino, whether or not contiguous, shall not be obstructed by  
10 partitions of any kind which cover more than 50% of the struc-  
11 tural opening. Multilevel casinos otherwise complying with this  
12 subsection shall be permitted.

13 Sec. 59. A casino licensee shall submit to the commission a  
14 description of its system of internal procedures and administra-  
15 tive and accounting controls. The submission shall be made at  
16 least 90 days before gaming operations are to commence or before  
17 changes in previously submitted control plans are to become  
18 effective, unless otherwise directed by the commission. A sub-  
19 mission shall contain both narrative and diagrammatic representa-  
20 tions of the internal control system to be utilized by the  
21 casino, including all of the following:

22 (a) Accounting controls, including the standardization of  
23 forms and definition of terms to be utilized in the gaming  
24 operations.

25 (b) Procedures, forms, and, if appropriate, formulas cover-  
26 ing the calculation of hold percentages, revenue drop, expense  
27 and overhead schedules, complimentary services, junkets, cash



1 equivalent transactions, salary structure, and personnel  
2 practices.

3 (c) Job descriptions and the system of personnel and chain  
4 of command, establishing a diversity of responsibility among  
5 employees engaged in casino operations and identifying primary  
6 and secondary supervisory positions for areas of responsibility,  
7 which areas shall not be so extensive as to be impractical for an  
8 individual to monitor.

9 (d) Procedures within the cashier's cage for the receipt,  
10 storage, and disbursement of chips and cash; the cashing of  
11 checks; the redemption of chips; the pay-off of jackpots; and the  
12 recording of transactions pertaining to gaming operations.

13 (e) Procedures for the collection and security of money at  
14 the gaming tables.

15 (f) Procedures for the transfer and recordation of chips  
16 between the gaming tables and the cashier's cage.

17 (g) Procedures for the transfer of money from the gaming  
18 tables to the counting process.

19 (h) Procedures and security for the counting and recordation  
20 of revenue.

21 (i) Procedures for the security, storage, and recordation of  
22 chips utilized in the gaming operation.

23 (j) Procedures for the transfer of money or chips from and  
24 to the slot machines.

25 (k) Procedures and standards for the opening and security of  
26 slot machines.

1 (l) Procedures for the payment and recordation of slot  
2 machine jackpots.

3 (m) Procedures for the cashing and recordation of checks  
4 exchanged by casino patrons.

5 (n) Procedures governing the utilization of the private  
6 security force within the casino.

7 (o) Procedures and security standards for the handling and  
8 storage of gaming apparatus including cards, dice, machines,  
9 wheels, and other gaming devices.

10 (p) Procedures and rules governing the conduct of particular  
11 games and the responsibility of casino personnel with respect to  
12 a particular game.

13 Sec. 60. The commission shall review each submission  
14 required by section 59 and shall determine whether it conforms to  
15 the requirements of this act and the rules promulgated under this  
16 act, and whether the system submitted provides adequate and  
17 effective controls for the operations of the particular casino  
18 submitting it. If the commission finds an insufficiency, it  
19 shall specify the insufficiency in writing to the casino licens-  
20 ee, who shall make appropriate alterations. If the commission  
21 determines a submission to be adequate in all respects, it shall  
22 notify the casino licensee of that determination. A casino  
23 licensee shall not commence gaming operations, or alter its  
24 internal controls, unless the system of controls is approved by  
25 the commission.

1       Sec. 61. (1) This act shall not be construed to permit  
2 gaming except the conduct of authorized games in a casino room  
3 pursuant to this act and the rules promulgated under this act.

4       (2) A gaming device shall not be possessed, maintained,  
5 exhibited, brought into, or removed from a casino room by a  
6 person unless the gaming device is necessary to the conduct of an  
7 authorized game, has permanently affixed, imprinted, impressed,  
8 or engraved on it an identification number or symbol authorized  
9 by the commission, is under the exclusive control of a casino  
10 licensee or its employees, and is brought into, or removed from,  
11 the casino room when authorized for that purpose by the commis-  
12 sion, or at other times when prior notice is given to and written  
13 approval granted by an authorized agent of the commission.

14       (3) A casino shall contain a count room and other secure  
15 facilities as required by the commission for the counting and  
16 storage of cash, coin, tokens, and checks received in the conduct  
17 of gaming and for the inspection, counting, and storage of dice,  
18 cards, chips, and other representatives of value. Drop boxes and  
19 other devices in which cash, coins, or tokens are deposited at  
20 the gaming tables or in slot machines, and all areas in which the  
21 boxes and devices are kept while in use, shall be equipped with 2  
22 locking devices. One key shall be under the exclusive control of  
23 the commission and the other key shall be under the exclusive  
24 control of the casino licensee. The drop boxes and other devices  
25 shall not be brought into or removed from the casino room,  
26 locked, or unlocked except at times, places, and pursuant to the  
27 procedures the commission requires.

1       (4) Chips used in gaming at all casinos shall be of a  
2 uniform size and color by denomination as the commission requires  
3 by rule.

4       (5) Gaming shall be conducted according to rules promulgated  
5 by the commission. All wagers and pay-offs of winning wagers at  
6 table games shall be made according to rules promulgated by the  
7 commission. The rules shall establish the minimum wagers and  
8 other limitations necessary to assure the vitality of casino  
9 operations and fair odds to, and maximum participation by, casino  
10 patrons. A licensee may establish a higher minimum wager with  
11 the prior approval of the commission. A slot machine shall have  
12 a minimum payout of 83%.

13       (6) A casino licensee shall make available in printed form  
14 to a casino patron upon request the complete text of the rules of  
15 the commission regarding games and the conduct of gaming,  
16 pay-offs of winning wagers, an approximation of the odds of win-  
17 ning for each wager, and containing other advice to the player as  
18 the commission requires. A casino licensee shall prominently  
19 post within the casino room pursuant to rules of the commission  
20 information about gaming rules, pay-offs of winning wagers, and  
21 the odds of winning for each wager, and other advice to the  
22 player which the commission requires.

23       (7) A gaming table shall be equipped with a sign indicating  
24 the permissible minimum and maximum wagers for that table. A  
25 person shall not conduct gaming activity at a table in a manner  
26 inconsistent with the information stated upon the signs required  
27 by this subsection.

1       Sec. 62. A slot machine shall not be used to conduct gaming  
2 unless it is identical in all electrical, mechanical, and other  
3 aspects to a model which has been specifically tested by the  
4 division and licensed for use by the commission. The commission  
5 shall, by rule, establish technical standards for licensure,  
6 including mechanical and electrical reliability, security against  
7 tampering, the comprehensibility of wagering, and noise and light  
8 levels, as it considers necessary to protect the player from  
9 fraud or deception and to insure the integrity of gaming. Slot  
10 machines, including walkways between them, shall not occupy more  
11 than 30% of the first 50,000 square feet of floor space of a  
12 casino, or more than 25% of additional floor space of a casino  
13 larger than 50,000 square feet. The commission shall, by rule,  
14 determine the permissible density of particular licensed slot  
15 machines or combinations of slot machines, based upon their size  
16 and light and noise levels, so as to create and maintain a gra-  
17 cious playing environment in the casino and to avoid deception or  
18 frequent distraction to players at gaming tables. The denomina-  
19 tions of the slot machines shall be set by the licensee, subject  
20 to the prior approval of the commission.

21       Sec. 63. (1) A casino shall be arranged in a fashion so as  
22 to allow at least the following minimum square footage of floor  
23 space for each gaming table, including the space occupied by the  
24 table:

- 25       (a) Baccarat -- 300 square feet.  
26       (b) Blackjack -- 100 square feet.

1 (c) Craps -- 200 square feet.

2 (d) Roulette -- 150 square feet.

3 (e) Big six wheel -- 150 square feet.

4 (2) A casino shall be arranged in a fashion so as to assure  
5 that the following gaming tables shall always be present, whether  
6 in use or not, according to the following:

7 (a) At least 1 baccarat table for every 25,000 square feet  
8 of casino space or part thereof.

9 (b) At least 1 craps table for every 10,000 square feet of  
10 casino space or part thereof.

11 (c) At least 1 roulette table for every 10,000 square feet  
12 of casino space or part thereof.

13 (d) At least 4 blackjack tables for every 10,000 square feet  
14 of casino space or part thereof.

15 (e) Not more than 1 big six wheel and table for every 10,000  
16 square feet of casino space or part thereof.

17 Sec. 64. (1) A person shall not exchange or redeem chips  
18 for anything other than currency, negotiable personal checks,  
19 negotiable counter checks, or other chips. A casino licensee,  
20 upon the request of any person, shall redeem that licensee's  
21 gaming chips surrendered by that person in any amount over \$25.00  
22 with a check drawn upon the licensee's account at a financial  
23 institution in this state and made payable to that person.

24 (2) A casino licensee, its agents, or employees shall not  
25 employ, contract with, or use any shill or barker to induce a  
26 person to enter a casino, play at any game, or for any other  
27 purpose.

1 (3) A dealer in an authorized game in which cards are dealt  
2 shall not deal cards by hand or other than from a gaming device  
3 specifically designed for that purpose.

4 (4) A casino key employee, other than a junket representa-  
5 tive, or a casino employee, other than a bartender, waiter, wait-  
6 ress, or other than a casino employee who in the judgment of the  
7 commission is not directly involved with the conduct of gaming  
8 operations, shall not wager at a game in a casino in this state.

9 (5) A casino key employee or boxman, floorman, or other  
10 casino employee who serves in a supervisory position shall not  
11 solicit or accept, and another casino employee shall not solicit,  
12 a tip or gratuity from a player or patron at the casino where he  
13 or she is employed.

14 (6) A dealer may accept tips or gratuities from a patron at  
15 the table at which the dealer is conducting play, subject to this  
16 subsection. The tips or gratuities shall be immediately depos-  
17 ited in a lock box reserved for that purpose, accounted for, and  
18 placed in a pool for distribution pro rata among the dealers on a  
19 weekly basis, with the distribution based upon the number of  
20 hours each dealer has worked.

21 Sec. 65. (1) Except as otherwise provided in section 64 and  
22 this section, a casino licensee, a person licensed under this  
23 act, a person acting on behalf of, or under an arrangement with,  
24 a casino licensee or other person licensed under this act shall  
25 not do any of the following:

26 (a) Cash a check, make a loan, otherwise provide or allow a  
27 person credit, or advance anything of value or anything which

1 represents value to enable a person to take part in gaming  
2 activity as a player.

3 (b) Release or discharge a debt, either in whole or in part,  
4 or make a loan which represents losses incurred by a player in  
5 gaming activity without maintaining a written record of the  
6 release, discharge, or loan pursuant to the rules of the  
7 commission.

8 (2) A casino licensee, a person licensed under this act, or  
9 a person acting on behalf of, or under any arrangement with, a  
10 casino licensee or other person licensed under this act, shall  
11 not accept a check, other than a recognized traveler's check or  
12 other cash equivalent, from a person to enable the person to take  
13 part in gaming activity as a player, nor give cash or cash equiv-  
14 alents in exchange for the check unless all of the following con-  
15 ditions are met:

16 (a) The check is made payable to the casino licensee.

17 (b) The check is dated, but not postdated.

18 (c) The check is presented to the cashier or the cashier's  
19 representative and is exchanged only for 1 or more credit slips  
20 which total an amount equal to the amount for which the check is  
21 drawn, which slips may be presented for chips at a gaming table.

22 (d) The rules of the commission concerning check cashing  
23 procedures are observed by the casino licensee and its employees  
24 and agents.

25 (3) This section shall not be construed to preclude the  
26 establishment of an account by a person with a casino licensee by  
27 a deposit of cash, recognized traveler's check, or other cash



1 equivalent, or to preclude the withdrawal, either in whole or in  
2 part, of an amount contained in the account.

3 (4) When a casino licensee or other person licensed under  
4 this act, or a person acting on behalf of, or under any arrange-  
5 ment with, a casino licensee or other person licensed under this  
6 act, cashes a check in conformity with subsection (2), the casino  
7 licensee shall cause the deposit of the check to be made in a  
8 financial institution for collection or payment within 1 of the  
9 following periods:

10 (a) Seven business days after the date of the transaction  
11 for a check in an amount less than \$1,000.00.

12 (b) Fourteen business days after the date of the transaction  
13 for a check of at least \$1,000.00 but less than \$2,500.00.

14 (c) Ninety business days after the date of the transaction  
15 for a check of \$2,500.00 or more.

16 (5) The drawer of the check may redeem the check by 1 or  
17 more of the following methods:

18 (a) Exchanging cash or chips in an amount equal to the  
19 amount for which the check is drawn.

20 (b) Exchanging in part cash or chips and another check which  
21 meets the requirements of subsection (2) for the difference  
22 between the original check and the cash or chips tendered.

23 (c) Issue 1 check which meets the requirements of subsection  
24 (2) in an amount sufficient to redeem 2 or more checks drawn to  
25 the order of the casino licensee.

26 (6) If there has been a partial redemption or a  
27 consolidation in conformity with this section, the newly issued

1 check shall be delivered to a financial institution for  
2 collection or payment within the period specified by subsection  
3 (4). A casino licensee, a person licensed under this act, or a  
4 person acting on behalf of, or under an arrangement with, a  
5 casino licensee, or another person licensed under this act shall  
6 not accept a check or series of checks in redemption or consoli-  
7 dation of another check for the purpose of avoiding or delaying  
8 the deposit of a check in a financial institution for collection  
9 or payment within the time period prescribed by this section.

10       Sec. 66. (1) A person licensed under this act, or a person  
11 acting on behalf of or under an arrangement with, a person  
12 licensed under this act, shall not transfer, convey, or give,  
13 with or without consideration, a check cashed in conformity with  
14 this section to a person other than:

15       (a) The drawer of the check upon redemption or consolidation  
16 in accordance with section 65(5).

17       (b) A financial institution for collection or payment of the  
18 check.

19       (c) A purchaser of the casino license as approved by the  
20 commission.

21       (2) The limitation on transferability of checks imposed in  
22 this section shall apply to checks returned by a financial insti-  
23 tution to the casino licensee without full and final payment.

24       (3) A person other than a person licensed as a casino key  
25 employee or as a casino employee shall not engage in efforts to  
26 collect upon checks that were returned by financial institutions  
27 without full and final payment, except that an attorney at law

1 representing a casino licensee may bring an action for the  
2 collection.

3 (4) Checks cashed in conformity with this act shall be valid  
4 instruments, enforceable at law in the courts of this state. A  
5 check cashed, transferred, conveyed, or given in violation of  
6 this act shall be invalid and unenforceable.

7 Sec. 67. (1) Junkets shall not be organized or permitted  
8 except as pursuant to this act. A person shall not act as a  
9 junket representative except as pursuant to this section.

10 (2) For purposes of this section, the term "junket  
11 representative" means a person who is responsible for or directly  
12 engages in the creation, organization, or operation of a junket,  
13 regardless of whether the junket is engaged in or organized  
14 within this state.

15 (3) A junket representative shall be licensed as a casino  
16 key employee in accordance with this act. A licensee need not be  
17 a resident of this state. A casino licensee shall not employ or  
18 otherwise engage a junket representative who is not licensed  
19 under this act.

20 (4) A casino licensee shall be responsible for the conduct  
21 of a junket representative associated with it and for the terms  
22 and conditions of a junket engaged in on its premises, regardless  
23 of the employment status of the junket representative associated  
24 with the casino licensee.

25 (5) A casino licensee shall do either of the following:

26 (a) Submit to the commission, pursuant to the rules of the  
27 commission, a report in advance of a junket which shall include

1 the names of the participants, the terms of the junket, the  
2 origin and dates of the junket, acknowledgments by the partici-  
3 pants that they understand the terms of the particular junket,  
4 and any other information required by the commission.

5 (b) Submit to the commission, pursuant to its rules, propos-  
6 als for junkets, which proposals may be approved by the commis-  
7 sion for continued use upon the conditions that a material aspect  
8 of a proposal shall not be changed except as to participants and  
9 that quarterly reports regarding the junkets shall be submitted  
10 to the commission, including any other information the commission  
11 requires.

12 (6) A casino licensee shall be responsible for any violation  
13 or deviation from the terms of a junket. After hearings held  
14 pursuant to this act, the commission may order restitution to  
15 junket participants, assess penalties for violations or devia-  
16 tions, prohibit future junkets by the casino licensee or junket  
17 representatives, and order further relief it considers  
18 appropriate.

19 (7) A casino licensee shall maintain a regulated complimen-  
20 tary service account and shall submit a quarterly report to the  
21 commission based upon the account and covering all complimentary  
22 services offered or engaged in by the licensee during the immedi-  
23 ately preceding quarter year. The reports shall include identi-  
24 fication of the regulated complimentary services and their  
25 respective costs, the number of persons by category of service  
26 who received the complimentary service, and any other information  
27 the commission requires.

1       Sec. 68. (1) A person shall not lend, let, lease, or  
2 otherwise provide a thing, or furnish a service, including a  
3 service in managing a casino or in maintaining equipment for a  
4 gambling game, including slot machines, for an interest or a per-  
5 centage or share of the money or property gambled at, or derived  
6 from, the casino, equipment, or service, or for an interest, how-  
7 ever defined, in the revenue, profits, or earnings of the casino  
8 other than pursuant to the terms of a written agreement providing  
9 for 1 or more of the following:

10       (a) For casino employee profit sharing.

11       (b) For casino key employee profit sharing.

12       (c) For the complete management of the casino by a  
13 corporation.

14       (2) An agreement shall not be effective unless approved by  
15 the commission, except that receipts of percentage charges  
16 between a corporate licensee and another entity which is a hold-  
17 ing company or intermediary company with respect to the licensee  
18 shall be permitted. An agreement shall not be approved unless  
19 all parties to the agreement are themselves holders of licenses  
20 issued pursuant to this act, and in the case of leases and man-  
21 agement contracts, each party to the agreement holds or is eligi-  
22 ble to apply for a casino license. Receipts, rentals, or charges  
23 for real property, personal property, or services shall not lose  
24 their character as payments of a fixed sum because of contract,  
25 lease, or license provisions for adjustments in charges, rentals,  
26 or fees because of changes in taxes or assessments,  
27 cost-of-living index escalations, expansion or improvement of

1 facilities, or changes in services supplied. The commission  
2 shall promulgate rules pursuant to the administrative procedures  
3 act of 1969, Act No. 306 of the Public Acts of 1969, being sec-  
4 tions 24.201 to 24.328 of the Michigan Compiled Laws, the commis-  
5 sion considers necessary regarding leases, contracts, and  
6 agreements. A casino licensee shall not enter into contracts for  
7 the management of a total of more than 3 casinos.

8       Sec. 69. (1) A casino licensee shall present to the commis-  
9 sion an agreement regarding the realty of or involving a business  
10 or person doing business with, or on the premises of, its casino  
11 facility. The agreement shall be reviewed by the commission on  
12 the basis of the reasonableness of its terms, including the terms  
13 of compensation, and of the qualifications of the person involved  
14 in the agreement with the casino licensee, which qualifications  
15 shall be reviewed according to the standards enumerated in sec-  
16 tion 46. If the commission does not approve an agreement or  
17 association, the commission may require its termination.

18       (2) An agreement with a casino shall be considered to  
19 include a provision for its termination without liability on the  
20 part of the licensee, if the commission disapproves of the busi-  
21 ness or of any person associated with the agreement by reason of  
22 a finding that the business or person is unsuitable to be associ-  
23 ated with a casino enterprise in accordance with the rules  
24 promulgated under this act. Failure to expressly include a con-  
25 dition in the agreement shall not constitute a defense in an  
26 action brought to terminate the agreement. If the agreement is  
27 not presented to the commission pursuant to commission rules, or

1 the disapproved agreement or association is not terminated, the  
2 commission may pursue a remedy or combination of remedies pro-  
3 vided in this act.

4 (3) This act shall not be construed to permit the transfer  
5 of a license, an interest in a license, a certificate of compli-  
6 ance, or a commitment or reservation.

7 Sec. 70. (1) The sale, assignment, transfer, pledge, or  
8 other disposition of a security issued by a corporation which  
9 holds a casino license is conditional and shall be ineffective if  
10 disapproved by the commission.

11 (2) A security issued by a corporation which holds a casino  
12 license shall bear, on both sides of the certificate evidencing  
13 the security, a statement of the restrictions imposed by this  
14 section, except that in the case of a publicly traded corporation  
15 incorporated before the effective date of this act, a statement  
16 of restriction shall be necessary only insofar as certificates  
17 are issued by the corporation after the effective date of this  
18 act.

19 (3) Articles of incorporation of a corporation which include  
20 as a stated purpose the conduct of casino gaming, or an amendment  
21 which adds that purpose to the corporation's previously filed  
22 articles of incorporation, shall not be accepted for filing,  
23 unless the articles or amendments are approved by the commission  
24 and a copy of the approval is annexed to the articles of incorpo-  
25 ration upon presentation for filing with the corporations and  
26 securities bureau of the department of commerce.

1        Sec. 71. (1) If the commission finds that an individual  
2 owner or holder of a security of a corporate licensee or of a  
3 holding or intermediary company of the corporate licensee is not  
4 qualified under this act, and if as a result the corporate  
5 licensee is no longer qualified to continue as a casino licensee  
6 in this state, the commission shall, pursuant to this act, pro-  
7 pose any necessary action to protect the public interest, includ-  
8 ing the suspension or revocation of the casino license of the  
9 corporation. The commission shall not take action against the  
10 casino licensee or the holding or intermediary company with  
11 respect to the continued ownership of the security interest by  
12 the disqualified holder if the holding or intermediary company is  
13 a publicly traded corporation, the disqualified holder is a  
14 holder of security in the publicly traded holding or intermediary  
15 company that is required to be qualified under section 45(2), and  
16 the commission finds 1 or more of the following:

17        (a) The holding or intermediary company has complied with  
18 section 41(g).

19        (b) The holding or intermediary company has made a good  
20 faith effort, including the prosecution of all legal remedies, to  
21 comply with an order of the commission requiring the divestiture  
22 of the security interest held by the disqualified holder.

23        (c) The disqualified holder does not have the ability to  
24 control the corporate licensee or a holding or intermediary com-  
25 pany of the corporate licensee, or to elect a member of the board  
26 of directors of the corporation or company.



1 (2) For purposes of this act, a security holder shall be  
2 presumed to have the ability to control a publicly traded  
3 corporation, or to elect a member of its board of directors, if  
4 the holder owns or beneficially holds 5% or more of the securi-  
5 ties of the corporation, unless the presumption of control or  
6 ability to elect is rebutted by clear and convincing evidence.

7 (3) Commencing on the date the commission serves notice upon  
8 a corporation of the determination of disqualification of an  
9 individual owner or holder of a security under subsection (1) the  
10 owner or holder shall not do any of the following:

11 (a) Receive any dividend or interest upon a security.

12 (b) Exercise, directly or through a trustee or nominee, any  
13 right conferred by the security.

14 (c) Receive any remuneration in any form from the corporate  
15 licensee for services rendered or otherwise.

16 (4) After a nonpublic corporation is issued a casino license  
17 pursuant to this act, but before the issuance or transfer of a  
18 security to a person required to be but not yet qualified in  
19 accordance with this act, the corporation shall file a report of  
20 its proposed action with the commission, and shall request the  
21 approval of the commission for the transaction. If the commis-  
22 sion denies the request, the corporation shall not issue or  
23 transfer the security. After a public corporations is issued a  
24 casino license, the corporation shall file a report quarterly  
25 with the commission, which report shall list all owners and hold-  
26 ers of all securities issued by the corporate casino licensee.

1       (5) A corporation which is issued a casino license pursuant  
2 to this act shall file a report of a change of its corporate  
3 officers or members of its board of directors with the  
4 commission. An officer or director shall not exercise any powers  
5 of the office to which he or she was elected or appointed until  
6 qualified by the commission pursuant to this act.

7       Sec. 72. (1) A casino licensee shall not appoint or employ  
8 a person not possessing a current and valid license permitting  
9 their appointment or employment. Before the effective date of  
10 the appointment or employment, the casino licensee shall apply  
11 for a work permit for the employee. The permit shall be granted  
12 by the commission if the employee is the holder of a current and  
13 valid license. The casino licensee shall return the work permit  
14 to the commission within 5 days after the termination or cessa-  
15 tion of the appointment or employment for any cause whatsoever.  
16 A work permit shall be renewed annually in accordance with rules  
17 promulgated by the commission.

18       (2) Within 24 hours after receipt of a written notice, a  
19 casino licensee shall terminate the appointment or employment of  
20 a person whose license has been revoked or has expired. A casino  
21 licensee shall comply in all respects with an order of the com-  
22 mission imposing limitations or restrictions upon the terms of  
23 employment or appointment of the employee in the course of an  
24 investigation or hearing.

25       Sec. 73. (1) The commission shall, by rule, establish  
26 annual fees for the issuance or renewal of casino licenses. The  
27 issuance fee shall be based upon the cost of investigation and

1 consideration of the license application, and shall be not less  
2 than \$200,000.00. The renewal fee shall be based upon the cost  
3 of maintaining control and regulatory activities contemplated by  
4 this act, and shall be not less than \$100,000.00.

5 (2) The attorney general shall certify to the commission  
6 actual and prospective costs of the investigative and enforcement  
7 functions of the divisions. These costs shall be the basis,  
8 together with the operating expenses of the commission, for the  
9 establishment of license issuance and renewal fees.

10 (3) A nonrefundable deposit of at least \$100,000.00 shall be  
11 required to be posted with each application for a casino license  
12 and shall be applied to the initial license fee if the applica-  
13 tion is approved.

14 Sec. 74. (1) In addition to any other fee imposed by this  
15 act, an annual license fee of \$200.00 is imposed upon every slot  
16 machine.

17 (2) A license fee imposed under this section shall be  
18 imposed as of July 1 each year with regard to all slot machines  
19 in use on that date, and on a pro rata basis thereafter during  
20 the year with regard to all slot machines placed in use after  
21 July 1.

22 Sec. 75. (1) The commission shall by rule establish annual  
23 fees for the issuance and renewal of licenses other than casino  
24 licenses. The fees shall be paid by the licensee.

25 (2) The commission shall by rule establish annual fees for  
26 the issuance and renewal of work permits for the various classes  
27 of employees. The fees shall be paid by the employer licensee.

1       Sec. 76. (1) Upon issuance of a license by the commission  
2 for a casino pursuant to section 40(3)(a), the licensee shall pay  
3 a nonrefundable pre-opening fee to the city within which the  
4 casino is to be located in an amount representing \$40.00 per  
5 square foot of gaming area within the establishment.

6       (2) The commission shall recommend to the state of Michigan  
7 that the state of Michigan enter into a support services contract  
8 with the city or local unit of government within which the casino  
9 or riverboat casino is to be located. The support services con-  
10 tract shall be designed to compensate the city or local unit of  
11 government for the cost of providing an increase in support serv-  
12 ices resulting from the presence of the establishment. As used  
13 in this subsection, "support services" means infrastructure  
14 including, but not limited to, fire, police, sanitation, health,  
15 transportation, and traffic control services.

16       Sec. 77. (1) The casino gaming control fund is created in  
17 the state treasury. Money in the fund and any interest thereon  
18 at the close of the fiscal year shall remain in the fund and  
19 shall not lapse to the general fund. The state treasurer shall  
20 direct the investment of the fund and any interest and earnings  
21 from the fund shall be credited to the fund.

22       (2) Money from the following sources shall be deposited into  
23 the fund:

24       (a) License fees imposed under this act and rules promul-  
25 gated pursuant to this act.

26       (b) A fee representing the pro rata share of the expenses of  
27 the commission and the division attributed to each licensee for

1 the administration of this act. The licensee shall pay for the  
2 total cost of the commission and the division. As used in this  
3 section, "total cost" means the salary, benefits, and capital  
4 outlay on behalf of the employees of the commission and the  
5 division. The commission shall establish standards for determin-  
6 ing the pro rata share of each licensee for the total cost.

7 (3) The money in the fund shall be spent for the administra-  
8 tion of this act by the commission and the division.

9 Sec. 78. An annual operation fee of 7% of the gross revenue  
10 of each casino licensed under this act is imposed. The operation  
11 fee fund is created in the state treasury. Money in the fund and  
12 any interest thereon shall remain in the fund at the close of the  
13 fiscal year and shall not lapse to the general fund. The money  
14 contained in the operation fee fund shall be distributed as  
15 follows:

16 (a) Eighty percent to the cities within which the casino  
17 licensed under this act is located to pay for the costs of fire,  
18 police, sanitation, health, transportation, and traffic control  
19 occasioned by the presence of the casino.

20 (b) Twenty percent to the county within which the casino is  
21 located.

22 Sec. 79. An annual gaming fee of 15% of the gross revenue  
23 is imposed. The money generated by the gaming fee shall be  
24 deposited into the general fund of this state. It is the intent  
25 of the legislature that 2% of the annual gaming fee be allocated  
26 by the legislature for charitable purposes as determined by the  
27 legislature.

1       Sec. 80. The commission may require at least monthly  
2 deposits by the licensee of the revenue received under section 78  
3 at times, conditions, and in depositories as prescribed by the  
4 state treasurer. The deposits shall be credited to the appropri-  
5 ate fund. The commission may require a monthly report and recon-  
6 ciliation statement, to be filed with it before the tenth day of  
7 each month, with respect to gross revenues and deposits received  
8 and made, respectively, during the preceding month.

9       Sec. 81. Except as the commission may require under section  
10 80, the fees imposed under section 78 shall be due and payable  
11 annually before March 15 and shall be based upon gross revenue  
12 derived during the previous calendar year. A licensee shall file  
13 its first return and shall report gross revenue from the time it  
14 commenced operations and ending on the last day of the calendar  
15 year. The report shall be filed with the commission before the  
16 following March 15.

17       Sec. 82. If a return or deposit required by section 79, 80,  
18 or 81 is not filed or paid, or if a return or deposit when filed  
19 or paid is incorrect or insufficient in the opinion of the state  
20 treasurer, the amount of tax due or deposit shall be determined  
21 by the state treasurer from the information as may be available.  
22 Notice of the determination shall be given to the licensee liable  
23 for the payment of the tax or deposit. The determination shall  
24 finally and irrevocably fix the tax unless the person against  
25 whom it is assessed, within 30 days after receiving notice of the  
26 determination, applies to the state treasurer for a hearing, or  
27 unless the state treasurer on his or her own motion redetermines

1 the tax assessment. After the hearing, the state treasurer shall  
2 give notice of his or her determination to the person against  
3 whom the tax is assessed.

4       Sec. 83. This state shall have a prior lien on the real and  
5 personal property owned by the person or persons named on the  
6 casino license. The lien shall be in the amount of any taxes due  
7 and unpaid which are authorized to be collected under this act  
8 and for amounts expended for collecting those taxes. The lien  
9 shall be enforced as a tax lien is enforced pursuant to the gen-  
10 eral property tax act, Act No. 206 of the Public Acts of 1893,  
11 being sections 211.1 to 211.157 of the Michigan Compiled Laws.

12       Sec. 84. (1) The commission shall make an annual report to  
13 the governor and the legislature within 60 days after the end of  
14 the fiscal year of the state which shall include full disclosure  
15 of receipts and disbursements and all actions taken, and recom-  
16 mendations made relative to better control of casino gaming.

17       (2) The commission shall be audited annually by the auditor  
18 general or a private auditing firm appointed by the auditor  
19 general. The commission and the auditor general and the agents  
20 of the auditor general shall have free and full access to all  
21 parts of a casino, and the books and records, gaming equipment,  
22 and counting rooms of a casino.

23       (3) Not more than 3 years after the effective date of this  
24 act, the commission shall conduct and report its findings on a  
25 study of the social and economic effects of casino gambling to  
26 the governor and the state legislature.

1       Sec. 85. (1) A person shall not play or participate in  
2 casino gaming by doing any of the following:

3       (a) Using bogus or counterfeit chips.

4       (b) Substituting or using game cards or dice which are  
5 marked, loaded, or tampered with.

6       (c) Cheating, or using or having on his or her person a  
7 device to facilitate cheating, in casino gaming.

8       (2) A person shall not play or use a gaming device, slot  
9 machine, vending machine, coin box, or other receptacle designed  
10 to receive or be operated by lawful coin of the United States, in  
11 furtherance of, or in connection with, the sale, use, or enjoy-  
12 ment of property or service, located in a casino in any of the  
13 following manners:

14       (a) By using other than lawful coin, legal tender of the  
15 United States, or using a coin not of the same denomination or  
16 value as the coin intended to be used in the device, except using  
17 a token, chip, or similar object which is issued and sold by the  
18 casino and approved by the commission for use in a slot machine.

19       (b) By using or having on his or her person a cheating  
20 device to facilitate removing from a gaming device, slot machine,  
21 lawful vending machine, coin box, telephone, or other receptacle  
22 any part of the contents thereof.

23       (3) A person shall not conduct, carry on, operate, deal, or  
24 allow to be conducted, carried on, operated, or dealt in a  
25 casino, a cheating or thieving game or device; or deal, carry on,  
26 operate, or expose for play games of chance played with cards,  
27 dice, or a mechanical or electrical device, or a combination of



1 those games or devices, which are marked in any manner, tampered  
2 with, placed in a condition, or operated in a manner, the result  
3 of which tends to deceive the public, or tends to alter the  
4 normal random selection of criteria which determine the results  
5 of casino gaming.

6 (4) Property, the use or possession of which is prohibited  
7 by this section, may be summarily seized and confiscated by the  
8 commission or its agents.

9 (5) A person who violates this section is guilty of a  
10 misdemeanor.

11 Sec. 86. (1) Pursuant to this section, a casino licensee or  
12 the officers or employees of a casino licensee may question an  
13 individual in the casino suspected of violating section 85. A  
14 licensee or the officers, employees, or agents of the licensee  
15 shall not be criminally or civilly liable for questioning con-  
16 ducted under this subsection, if the questioning is conducted in  
17 a reasonable manner.

18 (2) A licensee or the officers or employees of the licensee  
19 who have probable cause for believing that there was a violation  
20 of section 85 in the casino by a person may take the person into  
21 custody and detain that person in the casino in a reasonable  
22 manner and for a reasonable length of time. The taking into cus-  
23 tody and detention shall not render the casino or the officers or  
24 employees of the casino criminally or civilly liable for false  
25 arrest, false imprisonment, slander, or unlawful detention unless  
26 the taking into custody and detention are unreasonable under all  
27 the circumstances.

1       (3) A casino or the officers, employees, or agents of the  
2 licensee are not immune from liability as provided for in this  
3 section unless a notice of acts prohibited by section 85 and of  
4 the rights granted under this section is displayed in a conspicu-  
5 ous place in the casino and the notice is in boldface type.

6       (4) A licensee, or the officers or employees of the licensee  
7 who have probable cause for believing that a person violated sec-  
8 tion 85 by cheating in gaming may detain the person in the casino  
9 for the purpose of notifying a peace officer.

10       Sec. 87. (1) Pursuant to section 2 of the gambling devices  
11 act of 1962, 15 U.S.C. 1172, this state exempts itself from that  
12 act to the extent necessary for the operation of this act.

13       (2) Shipments of gambling devices, including slot machines,  
14 into this state, the registering, recording, and labeling of  
15 which was duly made by the manufacturer or dealer in accordance  
16 with the gambling devices act of 1962, 15 U.S.C. 1171 to 1178,  
17 for the use of licensed casinos shall be considered legal ship-  
18 ments into this state.

19       Sec. 88. (1) The commission shall conduct investigations  
20 from time to time for the following purposes:

21       (a) To determine whether this act or a rule promulgated  
22 under this act was violated.

23       (b) To determine a fact, condition, practice, or matter, as  
24 it considers necessary or proper, to aid in the enforcement of  
25 this act or the rules of the commission.

26       (c) To aid in promulgating rules.

1 (d) To secure information as a basis for recommending  
2 legislation relating to this act.

3 (2) The commission shall study the laws and reports of other  
4 states and the United States relative to gaming.

5 (3) The commission shall report annually to the legislature  
6 and the governor relative to the implementation of this act.

7 Sec. 89. The Michigan penal code, Act No. 328 of the Public  
8 Acts of 1931, being sections 750.1 to 750.568 of the Michigan  
9 Compiled Laws, and all other acts and parts of acts inconsistent  
10 with this act shall not apply to the casino gaming as provided  
11 for by this act at a casino licensed to hold or conduct a casino  
12 gaming operation as provided by this act.

13 Sec. 90. In addition to a criminal penalty that may be  
14 imposed under this act, the commission may assess and collect a  
15 civil fine of not more than \$50,000.00 from a casino licensee who  
16 violates this act.

17 Sec. 91. The commission may issue subpoenas, summon wit-  
18 nesses, and administer oaths or affirmations when in its judgment  
19 it is necessary for the effective discharge of the commission's  
20 duties. A person failing to appear before the commission at the  
21 time and place specified, without just cause, in answer to a sum-  
22 mons, or a person refusing to testify or testifying falsely, is  
23 guilty of a misdemeanor, punishable by imprisonment for not more  
24 than 6 months, or a fine of not more than \$5,000.00, or both.

25 Sec. 92. (1) Except as otherwise provided in this act, a  
26 person who violates this act is guilty of a felony, punishable by

1 imprisonment for not more than 10 years, or by a fine of not more  
2 than \$50,000.00, or both.

3       (2) A person who willfully aids, assists, or abets the vio-  
4 lation of an act punishable as a felony under subsection (1) is  
5 guilty of a felony, punishable by imprisonment for not less than  
6 3 years, or by a fine of not more than \$50,000.00, or both.

7       (3) For the purpose of this section, each day of operation  
8 in violation of this act constitutes a separate and distinct  
9 offense.

10       Sec. 93. This act shall not take effect unless all of the  
11 following bills of the 87th Legislature are enacted into law:

12       (a) Senate Bill No. 1332.

13

14       (b) Senate Bill No. 1333.

15