



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

HENRY L. WILLIAMS, JR.
EXECUTIVE DIRECTOR

MEMORANDUM

DATE: March 1, 2022

TO: Internet Gaming Operators, Sports Betting Operators, Internet Gaming Platform Providers, and Internet Sports Betting Platform Providers

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

CC: David Hicks, Internet Gaming Manager

SUBJECT: Compliance Report Guidance

The Lawful Internet Gaming Act (LIGA) and the Lawful Sports Betting Act (LSBA) administrative rules both require internet gaming/sports betting operators (operators) and their internet gaming/internet sports betting platform providers (platform providers) to submit financial audit and compliance reports on an annual basis. The financial audit and compliance reports are separate reports and must be submitted separately. This memo provides guidance on the annual compliance report of the operator and platform provider. The board will provide guidance regarding the financial audit report in a separate memo.

Compliance Report

Per Rule 432.665a(2) and Rule 432.765a(2), an annual compliance report must be prepared by the operator, the platform provider, or both. The board expects that an operator and its platform provider will be able to satisfy this requirement by submitting one annual combined compliance report covering both the LIGA and LSBA activities of both the operator and platform provider. The report must be specific to LIGA and LSBA and should not include activities or information related to any other jurisdiction or form of gaming (e.g., land-based casino gaming, internet gaming or internet sports betting in another state, etc.).

Internet Gaming/Internet Sports Betting Annual Compliance Report Format

The internet gaming/internet sports betting annual compliance report shall address the following areas:

- 1. Compliance with procedures to ascertain that adjusted gross receipts/adjusted gross**

sports betting receipts are determined and state and local taxes or payments are paid in conformity with LIGA, LSBA, and the related rules.

2. Compliance with applicable ordinances and agreements with other governmental authorities.

This shall include, but is not limited to, a signed, dated statement from the operator’s Chief Executive Officer, or an employee in a comparable position, attesting to the operator’s compliance with all applicable ordinances and agreements with other governmental authorities relative to internet gaming conducted under LIGA and/or internet sports betting conducted under LSBA.

3. Compliance with internal control procedures, accounting procedures, credit procedures, dispute procedures, and board-imposed security and safety requirements.

This shall include, but is not limited to, a signed, dated statement from the operator’s and platform provider’s Chief Executive Officers, or employees in comparable positions, attesting to the operator’s and platform provider’s compliance with all board approved internal control procedures, accounting procedures, credit procedures, dispute procedures, and board-imposed security and safety requirements, relative to R 432.665a(2)(c) and 432.765a(2)(c).

4. Any material deviation from the internal control procedures, accounting procedures, credit and dispute procedures, and board-imposed security and safety requirements.

5. Corrective action taken to resolve deficiencies observed in (1) to (4) above.

6. Other matters required by the board to measure compliance with LIGA, LSBA, and the related rules.

This shall include, but is not limited to, all of the items listed below. Please use a separate heading for each item and provide data for the prior calendar year.

a. Authorized Participant Complaints – R 432.641 and 432.741

List the quantity of authorized participant complaints filed with the operator and platform provider. Please provide a breakdown of the number and types of authorized participant complaints filed. Please include the total amount of settlements for each type of authorized participant complaint.

Please see the following format for guidance.

Authorized Participant Complaint Type	Total # Filed	Total Amount of Settlements for Type

b. Prohibited Persons – R 432.675 and 432.775

i. Please describe the methods by which the operator and platform provider prevent a prohibited person from establishing an internet wagering/internet sports betting account and from placing an internet/internet sports betting wager based on the most current information available to the operator and platform provider.

ii. Please list all incidents by date and type of prohibited person, such as under the minimum age to gamble, excluded person, or voluntarily self-excluded person (see rules for relevant definitions), where the operator and platform provider detected, were notified, or suspected that a prohibited person established an internet wagering/internet sports betting account and/or placed an internet/internet sports betting wager. Please indicate whether each individual was identified or not identified as a prohibited person, and the measures used to verify whether the individual was or was not a prohibited person.

For each incident in which a prohibited person is identified in the listing below, please indicate whether the operator and platform provider did both of the following:

- Immediately prohibited access to the individual’s internet wagering/internet sports betting account.
- Seized from the individual any winnings or things of value obtained from engaging in internet wagering/internet sports betting.

Please see the following format for guidance.

Under Minimum Age to Gamble

Date of Incident	Name of Individual	Prohibited Person (Y/N)	Measure Used to Verify Identity	Account Access Prohibited (Y/N)	Winnings/Things of Value Seized

Excluded Person

Date of Incident	Name of Individual	Prohibited Person (Y/N)	Measure Used to Verify Identity	Account Access Prohibited (Y/N)	Winnings/Things of Value Seized

Voluntarily Self-Excluded

Date of Incident	Name of Individual	Prohibited Person (Y/N)	Measure Used to Verify Identity	Account Access Prohibited (Y/N)	Winnings/Things of Value Seized

Please add additional tables for each category of prohibited person, as necessary.

iii. Please explain the internal controls and procedures of the operator and platform provider that are in effect for processing any winnings or things of value confiscated or withheld from a prohibited person.

iv. Please provide a detailed listing of all winnings or things of value confiscated or withheld from prohibited persons during the calendar year if not already included in the table above. Please see the following format for guidance.

Date of Incident	Name of Prohibited Person	Amount of Winnings or Things of Value Confiscated or Withheld

v. Please provide a listing of all training provided to operator and platform provider personnel related to prohibited persons. Please indicate the name of the training course, the date(s) the training was provided to personnel, and the personnel that attended the training. Please see the following format for guidance.

Name of Training	Date of Training	Names and Positions of Personnel in Attendance

c. Incident Reporting – R 432.663, R 432.639, R 432.763, and R 432.739

i. Please describe the methods by which the operator and platform provider define, monitor, document, report, investigate, respond to, and resolve security incidents.

ii. Please provide a listing of all security incidents by date and indicate whether the incident was reported to the board. Please see the following format for guidance.

Date of Security Incident	Description of Security Incident	Security Incident Reported to Board (Y/N)

iii. Please describe the procedures for responding to a failure of the internet gaming/internet sports betting platform including procedures for restoring internet gaming and/or internet sports betting.

iv. Please provide a listing by date of all incidents involving significant platform failures that occurred during the calendar year. Please indicate whether an incident report was filed with the board as required under the rules. Please include the date, time, and reason for the significant platform failure along with the date and time the system was restored. Please see the following format for guidance.

Date/Time of Significant Platform Failure	Date/Time Platform Restored	Reason for Significant Platform Failure	Significant Platform Failure Reported to Board (Y/N)

Due Date and Manner of Filing of Compliance Reports

Pursuant to Rules 432.665a(3) and 432.765a(3), the board shall determine the date of filing and the number of copies of the annual compliance report. The annual compliance report must be received by the board or postmarked no later than the required filing date. Under Rules 432.665a(4) and 432.765a(4), the reporting year-end of the operator and platform provider is December 31 unless otherwise approved by the board. Accordingly, the board has determined the annual compliance report for the period ended December 31, 2021 is due to the board by May 30, 2022. For all subsequent periods, the annual compliance report is due to the board by March 31st of each year. Please submit one copy of the report electronically to Mgcb-igaming@michigan.gov and hicksd8@michigan.gov.

Compliance Reports Required Under the Michigan Gaming Control and Revenue Act

In addition to the annual compliance report required under LIGA and LSBA, an operator licensed as a casino under the Michigan Gaming Control and Revenue Act must report separately, in a separate report, all annual compliance report information required under the Michigan Gaming Control and Revenue Act and related rules, including R 432.11204(2). This includes, but is not limited to, the annual compliance report requirements outlined by the board to each licensee on February 1, 2020. Those requirements remain in full effect.

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