



STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
DETROIT

HENRY L. WILLIAMS, JR.
EXECUTIVE DIRECTOR

GRETCHEN WHITMER
GOVERNOR

MEMORANDUM

DATE: November 28, 2022

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

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

RE: Conditional Approval of Gift Card Withdrawals

Subject to the conditions listed below, the Michigan Gaming Control Board (board) approves the use of gift cards as a method for an authorized participant to withdraw funds from an internet wagering or internet sports betting account held with a licensed internet gaming or sports betting operator (operator) or internet gaming or internet sports betting platform provider (platform provider).

Licensed operators and platform providers may allow authorized participants to withdraw funds in the form of a gift card, via the issuance of a gift card or transfer of funds to a gift card, only if all of the following conditions are met:

1. The operator or platform provider must classify the transactions as withdrawals and, as such, must conduct the transactions in accordance with all requirements applicable to withdrawals under the Lawful Internet Gaming Act and related administrative rules, the Lawful Sports Betting Act and related administrative rules, the operator's or platform provider's board-approved internal controls (including the attached account terms and conditions), and any orders, directives, conditions, or other guidance issued or prescribed by the board.
2. The operator or platform provider must ensure the transactions are conducted in conformity with applicable provisions of the Bank Secrecy Act and are subject to internal controls designed to mitigate the risk of money laundering, fraud, and other suspicious or illegal activity. This may be accomplished by the operator or platform provider directly, or through coordination and cooperation with a third-party vendor that provides gift card withdrawal services. This may include, but is not limited to, the following:
 - a. Ensuring the transactions are adequately addressed in the Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) compliance program and related policies and procedures of the operator or platform provider, a third-party vendor that provides gift card withdrawal

services, or both. This is required only to the extent to which provisions of the Bank Secrecy Act apply to the transactions.

- b. Ensuring the transactions are subjected to any required BSA/AML monitoring, logging, and reporting by the operator or platform provider, a third-party vendor that provides gift card withdrawal services, or both. This may include, but is not limited to, the filing of currency transaction reports and suspicious activity reports with the U.S. Financial Crimes Enforcement Network (FinCEN). This is required only to the extent to which provisions of the Bank Secrecy Act apply to the transactions.
 - c. Ensuring sufficient internal controls are in place to prevent issuance of a gift card to any person other than an authorized participant who requested a gift card withdrawal through his or her internet wagering or internet sports betting account.
3. The operator or platform provider must ensure that gift card withdrawals are accurately reflected in account statements provided to authorized participants and any reports requested or required by the board. Unless otherwise directed by the board, each gift card withdrawal must be recognized and reported based on the value of the funds withdrawn from the authorized participant's account and must exclude any bonus or other funds added to the gift card by the operator or platform provider or a third-party vendor. If included in account statements and reports, the value of any bonus or other funds added to a gift card must be disclosed separately.
4. Before an operator or platform provider may introduce a gift card withdrawal option, the operator or platform provider must ensure the transactions are adequately addressed in its board-approved internal controls (including the attached account terms and conditions). If a third-party vendor provides any internal controls to or on behalf of the operator or platform provider, or if a third-party vendor and the operator or platform provider share responsibility for any internal controls, the operator's or platform provider's internal controls must document the roles and responsibilities of both parties and must include procedures for the operator or platform provider to evaluate and monitor the third-party vendor's compliance with any internal controls in which it is involved. If a modification to the internal controls is deemed necessary, the operator or platform provider must prepare an amendment and submit it to the board for approval. The operator or platform provider must not begin offering gift card withdrawals until the amendment is approved by the board or can otherwise be implemented pursuant to Rules 432.663a and 432.763a.
5. An operator or platform provider may obtain gift card withdrawal services from a third-party vendor only if the third-party vendor is registered with the board under the Lawful Internet Gaming Act, Lawful Sports Betting Act, or both (as applicable).

Please contact David Hicks at hicksd8@michigan.gov if you have any questions.