

**Investigations and Regional Operations Division**  
**Gaming Policy Enforcement Branch**  
**Ministry of Finance**

**REPORT OF FINDINGS**  
**“Minors” Project**

DATED: November 25, 2014

**CONFIDENTIAL**

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**Overview:**

The Gaming Policy and Enforcement Branch (GPEB), Investigations and Regional Operations Division, has been conducting an undercover operation throughout the province. Section 89 of the Gaming Control Act of British Columbia makes it illegal for an individual to sell a lottery product to a minor, or to allow a minor to enter a gaming facility or participate in gaming. The purpose of the undercover operation is to test the practices of casinos, community gaming centres and lottery retailers, regarding minors and enforce the Gaming Control Act. This enforcement action is similar to the ongoing enforcement methods used by Liquor Control and Licensing and Tobacco Enforcement personnel throughout the Province.

**HISTORICAL DATA: (also refer to Overall Report of Findings dated 29 May, 2014 in this regard)**

**Period April, 2013 to September 5, 2013 (Approach period #1 - initial approach to retailer outlets)**

In this period investigators and “contracted” minors have approached one hundred and seventy nine (179) lottery retailer outlets in the Northern, Interior, Island and Lower Mainland Regions of the province. Seventy six (76) lottery retailer locations throughout the Province did sell lottery products to the minor, contravening Section 89 of the Gaming Control Act.

**This means that forty two percent (42%) of retailers approached in this period sold a lottery product to a minor.**

***Written and verbal warnings and ticket violation notices (\$288.00 fine) given out in this period by Investigations Division. Reports of Findings forwarded to Registration Division.***

*On the 21 November, 2013 a letter was forwarded to Michael Graydon, President and CEO of British Columbia Lottery Corporation (BCLC) by the ADM/GM of Gaming Policy Enforcement Branch (GPEB) outlining the above results, our observations, and that GPEB would post its results on the Website at the end of the fiscal year (1 April, 2014). **Please find that letter attached.***

*On the 19 December, 2013 BCLC President and CEO responded in a letter stating, “The action plan will launch in January, 2014. We believe these additional activities will fulfil GPEB’s recommendations and, most importantly, prevent the sale of lottery products to minors.” **Please find that letter attached.***

**Period September 5, 2013 – January 1, 2014 (Approach period #2 - approach to retailer outlets during and following recommendations to BCLC. BCLC in the process of implementing “action plan”).**

In this period investigators and “contracted minors” approached eighty-one (81) lottery retailer outlets in Interior, Northern and LMD Regions of the Province. Thirty-five (35) retailer outlets sold lottery products to the minor.

This means that **forty-three (43%) percent of retailers in this period approached sold** a lottery product to a minor.

*Written and verbal warnings and ticket violation notices (\$288.00 fine) given out in the period by Investigations Division. Reports of Findings forwarded to Registration Division.*

*January 1, 2014 - No noticeable change in the percentage of retailers that sold to a minor between Approach period #1 and Approach period #2. Percentage Results of noncompliance of Approach #1 and Approach #2 have not been published on Website. GPEB Audit and Compliance Division to Audit BCLC to ensure more due diligence exercised on Lottery Retailer Industry as per GM direction in Letter dated 21 November, 2013*

**Period January 2, 2014 - June 30, 2014 (Approach period #3 – approach to retailer outlets and BCLC action plan in progress)**

In this period investigators and “contracted minors” approached one hundred forty-three (143) lottery retailer outlets in Interior, Northern, Island and LMD regions of the Province. Forty-five (45) lottery retailer outlets sold lottery products to the minor.

**This means that thirty-one (31%) percent of retailers in this period approached sold a lottery product to a minor.**

*June 30, 2014 - Slight drop in the percentage change of retailers that sold to minor between Approach period #1 and #2 and Approach period #3, however still approximately one third of retailers approached did sell to the minor. Percentage results of noncompliance of Approach periods #1 #2 and #3 not published.*

*Written and verbal warnings and minimal ticket violation notices (\$288.00 fine) given out in the period by Investigations Division. Reports of Findings forwarded to Registration Division for Administrative Sanctions.*

*Late August, 2014 – Audit and Compliance confirms BCLC “Action Plan” in place and being audited.*

**SUMMARY OF REGIONAL ACTIVITY**  
**General Observations and Recommendations of Regions**  
**Approach period #4 overview**  
**1 August, 2014 – 20 November, 2014**

**Period August 1, 2014 to November 20, 2014, (Approach period #4 – approach to retailer outlets with BCLC “action plan” in place in accordance with direction letter dated 21 November, 2013 from General Manager. Audited by GPEB Audit and Compliance Unit to ensure “action plan” implemented as outlined by BCLC) I will not comment on Compliance and Audit findings and leave those comments to that Division.**

In this period Investigators and “contracted” minors approached a **total** of one hundred and five (105) lottery retailer outlets in the Northern, Interior, Island and Lower Mainland Regions of the Province. Seventy-nine (79) of those were approached for the first time and Twenty-eight (28) lottery retailer locations throughout the Province that were approached for the first time sold to the minor.

**This means that thirty-three (33%) percent of retailers (first time approached) in this period sold a lottery product to a minor.**

Twenty-six (26) lottery retailer outlets that had previously sold to the minor were approached and two (2) of the twenty six (26) previously approached lottery retailer outlets re-offended and again sold to the minor.

*November 20, 2014 – Slight drop in percentage of retailer outlets in Approach period #4 that sold to a minor from Approach periods #1 and #2 however a slight increase from Approach Period #3. Still over one third of retailers (first time approached retailer outlets) approached in Approach period #4 did sell a lottery product to a minor.*

*Written and verbal warnings and ticket violation notices (\$288.00 fine) given out in the period by Investigations Division however almost all Reports of Findings forwarded to Registration Division for Administrative Sanctions.*

**General Observations and Recommendations of Regions for Approach Period #4**

**LMD REGION**

Undercover Operation timeframe, August 1, 2014 and November 20, 2014

**Thirteen (13) of the thirty-one (31) lottery retailers (not previously approached)** approached did sell lottery products to a minor. This represents **33%** of the retailers approached in LMD sold to a minor. **Four (4) lottery retailers that had been previously approached by the contracted minor did NOT sell lottery products to the minor.**

Offending retailers were located all across the lower mainland: including Langley, Maple Ridge, and Vancouver.

**Playtime Bingo Gaming Centre allowed the minor agent to enter** and participate in gaming.  
**Pacific National Exhibition allowed the minor to participate in gaming at a licensed midway gaming table three (3) times out of four (4) attempts.**

**OBSERVATIONS:**

The new visible warning signs of not to sell to minors did not make any significant reduction for lottery retailers from selling lottery products to minors.

Retailers generally indicated an increase of awareness training had occurred however the mindset (no harm to minors) continues to be a problem.

**Recommendations:**

Greater deterrence (penalty for offenders) appears necessary.

The general public must be made aware of the serious lack of compliance by lottery retailers.

BCLC has addressed due diligence issues with retailers, including training and signage however the high percentage of sales of lottery products to minors is not being effectively deterred.

BCLC should use the technology available to only activate scratch and win tickets at the point of sale as that would then require the asking for identification.

**ISLAND REGION**

Undercover Operation timeframe, August, 2014 to November 20, 2014

**Three (3) of eight (8) lottery retailers (not previously approached)** approached did sell lottery products to a minor. This represents **37%** of the retailers approached in the Island District sold to a minor. **Two (2) of five (5) lottery retailers (that had previously sold to a minor) were approached and repeated selling to a minor (second time)**

**OBSERVATIONS:**

BCLC actions in relation to the signage were visible at all the locations yet compliance was not reduced.

Our “contracted minor” purchased Scratch and Win tickets which are run through the cash register at the store and **not** the Altura thus the clerk doesn’t see the extra “Ask for ID” reminder on the Altura display.

The managers appear to have systems in place to remind staff to ask for ID. I believe part of the problem is due to the quality and transient nature of the sales clerks at the stores and partially due to the attitude of the public in relation to lotteries in general

**Recommendations:**

If BCLC could make the Altura activate a scratch ticket the clerk would see the “Ask for ID” display which may prompt them to ask? Better yet, if the Altura can make noise now when a player wins it could probably also say “ID Please”. It would also solve a lot of scratch and win theft issues as the tickets would not be activated when they’re stolen off the counter.

This Division should continually run the Agent program throughout the year and take an educational approach

The public and retailers should be made aware of the compliance rate then both may respond positively.

**INTERIOR REGION**

Undercover Operation timeframe: August 1, 2014 to November 20, 2014

**Six (6) of fourteen (14) lottery retailers (not previously approached)** in the Central Kootenay region did sell lottery products to a minor. This represents **43%** of the retailers approached in the Central Kootenay region sold to a minor. The 14 lottery retailers were in: Fruitvale, Trail, Castlegar, Robson, Nelson, Salmo and Creston.

**OBSERVATIONS:**

It appears there have been recent communications from BCLC to all Lottery Retailers reminding them of the requirement to ask for identification if the patron appears to be under the age of 25 years. BCLC Territorial Managers attend at all of the locations and do provide information regarding the sale of lottery tickets to minors.

BCLC only meets with the managers and not the clerks.

Clerks are generally making the sales to the minors and it does not appear they are treating checks for identification as a priority. In one case the clerk did ask for identification, which was not produced however she still sold to the Agent.

Larger companies with a corporate Contract Manager appear to have a better training and compliance program than standalone retailer outlets.

**Recommendations:**

BCLC should initiate the requirement for Scratch and Win tickets to be activated on the Altura at the time of sale. This pop-up (check for ID) feature would be available to all retailers and may act as a reminder.

## **NORTHERN REGION**

Undercover Operation timeframe August 1, 2014 to November 20, 2014.

**Four (4) of twenty-six (26) lottery retailers (not previously approached)** did sell lottery products to a minor. This represents **15 %** of the retailers selling to a minor. **Seventeen (17) lottery retailers that had been previously approached by the contracted minor did NOT sell lottery products to the minor.**

The lottery retailers investigated were found in Prince George, Fort St John, Dawson Creek, Hudson Hope, Chetwynd, Tumbler Ridge, MacKenzie, Quesnel, and Williams Lake.

### **OBSERVATIONS:**

The management of the locations provides the proper due diligence steps in teaching and reminding their staff to check for identification for anyone who appears under the age of 25 or 30. It is likely that the minimum wage clerks come and go regularly and may not feel the need to follow the direction provided by management once management has left the location.

In most locations the Lottery Contract Manager is centralized away from the physical location and places the onus on the site manager to ensure compliance with the teaching of staff.

The Northern Region continues to take an educational approach to the non-compliant employees. The sanctions on the Lottery Contract Managers are/should be enforced by Registration Division.

### **Recommendations:**

At the present time the Scratch and Win tickets are not scanned into the Altura to activate the ticket or print the ticket. If that was in place the Altura could remind the clerk to ask for identification.

The public and retailers are not being educated through the publishing of the enforcement activity and statistics on the Minors Investigations. Thus we lose that deterrent effect.

In a past situation in Prince George a specific location that sold to the minor was suspended for 30 days by BCLC on the first infraction and the second infraction the location was stopped from selling further lottery products. That also created a news story in the local paper and had reaction from the public. It certainly showed that such actions were taken seriously by BCLC at that time. At that time BCLC was using some form of their matrix for enforcement which apparently they do not take action on anymore.

Any retail location that does not have a Lottery Contract Manager should not be able to sell lottery products until a manager is in place. There is no one to hold responsible for the infractions and ensure due diligence is in place.

### **OVERALL OBSERVATIONS and RECOMMENDATIONS:**

Investigations and Regional Operations commenced this undercover operation using "contracted" minors to enforce Section 89 of the Gaming Control Act with the overall objective "to prevent and deter lottery retailers in the Province of British Columbia from selling lottery products to minors". This was to be achieved through education (enhanced due diligence) and enforcement (overall deterrence). BCLC was advised of the results of our enforcement in Approach period #1 and #2 and was directed to enhance due diligence with the lottery retailers. BCLC was/is being audited by GPEB Audit and Compliance Division to ensure the required/recommended enhancements did take place. I have reviewed the results of the four (4) "Approach periods" (all first time approached retailers) percentage on non-compliance (42%, 43%, 31%, 33% respectively). The Reports of Findings on this

project including input from all Investigation Division Regional Directors indicates that BCLC has made a significant effort to increase signage and train retailer managers. GPEB Investigations Division continues to enforce Section 89 of the Gaming Control Act however the maximum fine given out through either a ticket violation notice (\$288) or an administrative fine by Registration has not exceeded \$500.00.

Between April 2013 and November, 2014 this Division approached 482 lottery retailers (first time approaches) with underage "contracted" minors and 189 lottery retailer outlets have sold lottery products to a minor. Overall, that is approximately 37% of lottery retailer outlets selling lottery products to minors. Approach period #1 was 42% non-compliant! Enhanced due diligence by BCLC occurred however Approach period #4 was still 33% non-compliance! It is very clear that all of the efforts by BCLC (due diligence) and GPEB (deterrence) have not significantly decreased lottery retailers from selling to minors. However, it should be noted that when this Division, in Approach period #4, approached 26 lottery retailer outlets that had previously offended, only 2 lottery outlets re-offended and sold lottery products to the minor. It does appear that offending lottery retailer outlets are less likely to re-offend when approached a second time? However, it is unrealistic for GPEB enforcement to approach all 4600 lottery retailers in the province.

#### **Overall Observations all Regions - Approach Period #4**

- BCLC enhanced "due diligence" on "signage" noticeable.
- BCLC training in relation to "contract managers" noticeable.
- It appears that front line sales clerk turnover is significant.
- No or very little public or industry awareness of GPEB enforcement action and results.
- "Scratch and Win" tickets on the shelf or under glass are "live tickets" and do not need to be activated before sale. This does not allow for the "Check for I.D" prompt on the Altura prior to the sale of "Scratch and Win" tickets.
- The general attitude of selling lottery products to minors is not considered as harmful as liquor or tobacco sales.
- With public awareness and industry awareness on GPEB enforcement activity, heavier administrative fines would/should have a better deterrent effect.

#### **Recommendations:**

1. Enhanced training of "front end sales clerks" and hold "Contract Managers" responsible.
2. Use Alturas to activate "Scratch and Win" tickets thus ensuring "Check for I.D." reminder to clerk on the Alturas activation of "Scratch and Win" tickets.
3. AND/OR mandatory "ASK for I.D." for anyone who looks under 30 years of age.
4. Publish enforcement activity on GPEB Website and advise all Lottery Retailers of enhanced GPEB enforcement activity.
5. Greater penalties or administrative fines for offenders.

The investigation will continue to be ongoing.

Larry Vander Graaf, Executive Director  
Investigations and Regional Operations

Attachments:

Letter dated, 21 November, 2013 from the ADM to BCLC.

Letter dated, 19 December, 2013 with attached "Action Plan".

Ec:

John Mazure, General Manager/ADM

Suzanne Bell, Executive Director, Corporate Services

Len Meilleur, Executive Director, Registration and Certification

Terry Van Sleuwen, Executive Director, Audit and Compliance

David Horricks, Director, Responsible and Problem Gambling

Joe Schalk, Senior Director, Investigations and Regional Director LMD

Bill Mulcahy, Director, Lottery Investigations

Theri Nicholson, Director, Lottery Registration

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Sell to Minor Investigations - FOI Response						
No.	Date of infraction	Retailer Name	Address	City	Description of infraction	Sanction
1	2014-08-25	7-Eleven	8602 Granville Street	Vancouver	store mgr sold ticket to minor	Violation ticket issued
2	2014-08-25	Grand Marpole	8462 Granville St	Vancouver	employee sold ticket to minor	Written Warning
3	2014-09-03	Hart Highway Husky	3605 15th Avenue	Prince George	employee sold ticket to minor	Written Warning
4	2014-09-16	Safeway Gas Bar	300 - 20201 Loughheed Highway	Maple Ridge	employee sold ticket to minor	Written Warning
5	2014-09-18	Safeway LTC *	27566 Fraser Hwy	Aldergrove	Contract Manager sold ticket to minor	\$300.00 fine
6	2014-09-19	Rexall (2 locations)	370 Trans Canada Hwy & 1511 Admirals Road	Ladysmith & Victoria	2nd incident of employee selling to minor, for both locations	\$500.00 fine
7	2014-09-19	Quality Foods	977 Langford Parkway	Victoria	employee sold ticket to minor	Written Warning
8	2014-09-19	Millstream Superstop Petro Can	2435 Millstream Road	Victoria	employee sold ticket to minor	Written Warning
9	2014-09-18	Save on Foods	26310 Fraser Hwy	Aldergrove	employee sold ticket to minor	Written Warning
10	2014-09-16	Cooper's	23981 Dewdney Trunk Road	Maple Ridge	employee sold ticket to minor	Violation ticket issued
11	2014-09-16	Karby's Convenience	11842 207 Street	Maple Ridge	employee sold ticket to minor	Written Warning
12	2014-09-16	Webster's Corner	25559 Dwydney Trunk Road	Maple Ridge	employee sold ticket to minor	Written Warning
13	2014-09-18	Langley Husky Market	19811 Fraser Highway	Langley	employee sold ticket to minor	Violation ticket issued
14	2014-09-18	Shoppers Drug Mart	26310 Fraser Hwy	Aldergrove	employee sold ticket to minor	Written Warning
15	2014-09-19	Six Mile Shell	490 Island Highway	Victoria	employee sold ticket to minor	Written Warning
16	2014-10-18	Dawson Creek Husky	1700 Alaska Avenue	Dawson Creek	employee sold ticket to minor	Written Warning
17	2014-10-18	Marg's Mini Mart	PO Box 565	Hudson Hope	employee sold ticket to minor	Written Warning
18	2014-10-24	Williams Lake Mohawk	1258 Broadway Ave	Williams Lake	employee sold ticket to minor	Written Warning
19	2014-10-28	Fruitvale Co-op	1967 Main Street	Fruitvale	employee sold ticket to minor	Written Warning
20	2014-10-28	Creston Esso	1521 Canyon Street	Creston	employee sold ticket to minor	Written Warning
21	2014-10-28	Stuart's News	1139A Lakeside Dr	Nelson	employee sold ticket to minor	Written Warning
22	2014-10-28	Teejay's Grocery	1108 4th Street	Castlegar	employee sold ticket to minor	Written Warning
23	2014-10-28	Nelson Husky	702 Nelson Ave	Nelson	employee sold ticket to minor	Written Warning
24	2014-10-28	Save on Foods	1200 Lakeside Drive	Nelson	employee sold ticket to minor	Written Warning

\* Note: LTC is the abbreviation for Lottery Ticket Centre. All Lottery Ticket Centres are spaces leased by BCLC and not affiliated with the landlord.



December 19, 2013

Dear Mr. Mazure,

BCLC would like to thank the Gaming Policy and Enforcement Branch (GPEB) for its review of gaming facility and retailer adherence to the policy of not selling gaming products to minors. While we were pleased to see our casinos and community gaming centres remain diligent in preventing entry to those under the age of 19, we were troubled to see that a significant number of retailers in our lottery network were not compliant and had contravened Section 89 of the *Gaming Control Act*.

Immediately following the receipt of GPEB's recommendations, BCLC assembled a working group to review each recommendation, assess the current state of 19+ controls within the retail environment and develop a plan of action. Input was sought from a number of internal departments including: Lottery Sales, Training and Marketing, Corporate Security and Compliance, Corporate Marketing, Corporate Social Responsibility, Corporate Communications and Legal Services.

The action plan will launch in January 2014. We believe these additional activities will fulfill GPEB's recommendations and, most importantly, prevent the sale of lottery to minors.

Although the onus remains with the retailer to check ID and sell lottery products to 19+, the plan also incorporates enhanced communication to the customer on the rules around the sale of lottery tickets.

I have attached our action plan, which outlines the steps BCLC will take in order to address the findings of GPEB's investigation and subsequent recommendations. Please be assured BCLC takes this matter very seriously and is committed to continuously improving our communications, policies and processes related to preventing the sale of lottery products to minors.

Finally, we regret sending a letter to retailers that referenced GPEB activity without a formal approval from GPEB; we will ensure proper protocol is followed in the future.

Sincerely,

Michael Graydon,  
CEO & President, BCLC

pc: Suzanne Bell, Executive Director, Corporate Services, GPEB  
Ursula Cowland, Executive Director, Licensing and Grants, GPEB  
Larry Vander Graaf, Executive Director, Investigations and Regional Operations, GPEB  
Terri Van Sleuwen, Executive Director, Audit and Compliance, GPEB  
Len Meilleur, Executive Director, Registration and Certification, GPEB  
Michele Jaggi-Smith, Director, Policy and Communications, GPEB



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## BCLC Action Plan to Further Prevent the Sale of Lottery Products to Minors

First, BCLC reviewed the current activities in place to prevent the sale of lottery products to minors. This helped inform our next steps and identify key areas for improvement. Following this, BCLC developed an action plan that will launch in January 2014 and be fully implemented by March 2014.

We recognize there is an opportunity to further educate the retailer and customer on the rules around lottery sales in British Columbia. We believe the new activities outlined below address GPEB's recommendations and support retailers and players in working together to prevent the sale of lottery to minors.

### Current State

The following 19+ age restriction activities are currently executed in the network:

#### RETAILER FACING:

- All lottery retailers are required to complete the BCLC Lotto Certification Course within 60 days after employment. BCLC maintains a reporting database to monitor Lotto Certification completions.
- Retailer communication channels, such as the Retailer e-Bulletin and the Retailer Monthly Leave Behind, regularly include 19+ messaging as part of a responsible gambling and GameSense focus.
- Each time a retailer signs onto the lottery terminal, a Sign-On-News Message is printed. Compliance messaging is included on the Sign-On-News Message through a regular rotation and includes the 19+ reinforcement messaging.
- BCLC's Lotto Express partners provide an Age Verification feature on their proprietary equipment (ie: Overwaitea Food Group's POS screens).

#### PUBLIC FACING:

- The Public Display Unit (PDU) includes GameSense 19+ messaging across the bottom of the screen at all times.
- On the back of all lottery tickets, there is a signature requirement validating the legal holder of the ticket is 19 years of age or older.
- For some holiday Scratch & Win tickets, 19+ messaging appears on the front side. This is in support of GameSense and to discourage giving lottery tickets to minors.
- All Scratch & Win ticket display cases include 19+ messaging across the front of the trays. Display cases are shipped with the messaging pre-installed.
- All player facing point of sale posters maintain the responsible gambling GameSense bar with the 19+ logo.

## Action Plan

The following activities will be executed by March 2014 in response to the five GPEB Recommendations and to further enhance 19+ messaging and enforcement at retailers across B.C.

### RETAILER FACING:

- Letter from the VP of Lottery Sales
  - Mailed to all Lottery Retailer Agreement signatories, including Retail Network, Retail Sales Group, Hospitality Network and Liquor Retail Stores (Completed November 2013).
- BCLC Key Accounts Managers sent a directive email to the head offices of key retail accounts (ie: 7-11, Esso, Shoppers Drug Mart, etc) reinforcing 19+ rules and expectation of retailers to ask for ID from anyone appearing under the age of 25 (Completed October 2013).
- Lottery terminal home screen message
  - An age verification message 'Must be 19+. Ask for ID.' will appear in the transaction area of the Altura terminals as a further reminder to retailers to verify age at the precise moment of purchase.
  - Launch date: January 13, 2014.
- 'Ask for ID' sticker to be applied to the lottery terminal
  - The decal will be prominently displayed in all nonage-restricted lottery retailer accounts.
  - Launch date: January 6, and completed by February 28, 2014.
  - During the BCLC Territory Manager's regular visit to retailers, the Territory Manager will apply the sticker to the terminal and reinforce the importance of not selling to minors. The Territory Manager will guide the conversation using a Retailer Information Sheet which further explains the steps a retailer should take when asking for ID and how to respond to various situations. A hard copy of the Retailer Information Sheet will be left behind for the retailer's reference.
- Augment retailer certification content
  - Publish an additional slide and an additional exam question regarding the ramifications of selling to minors in the online certification courses:
    - English Lotto Certification for completion December 2013;
    - Lotto Express Certification for completion December 2013;
    - Multi-lingual Lotto Certifications for completion February 2014.

### PLAYER FACING:

- New Public Display Unit Message
  - 19+ messaging educates and reminds players it is illegal for retailers to sell lottery tickets to minors; ID may be required.
  - Launch date: January 13, 2014.



Know your limit, play within it.

November 21, 2013

Log # 332837

Mr. Michael Graydon  
President and CEO  
British Columbia Lottery Corporation  
2940 Virtual Way  
Vancouver BC, V5M 0A6

Dear Mr. Graydon:

The Gaming Policy and Enforcement Branch (GPEB), Investigations and Regional Operations Division, has been investigating the practices of casinos, community gaming centers and lottery retailers in BC, to ensure that minors are being refused entry into gaming facilities, and to ensure that lottery retailers are not selling lottery products to minors.

I would like to thank BCLC staff for their diligence at gaming facilities, because all attempts by the contracted minors to enter casinos or community gaming centers in the province met with negative results. All contracted minors were asked for identification and subsequently refused entry.

As of September 5, 2013, investigators and contracted minors have approached one hundred and seventy- nine (179) lottery retailer outlets in the Northern, Interior, Island and Lower Mainland Regions of the province to determine if lottery products were being sold to minors. Forty two percent of lottery retailers approached to date (76 outlets) sold lottery products to the minor, contravening Section 89 of the *Gaming Control Act*.

GPEB's Investigations and Regional Operations Division has issued various penalties, including written warnings and ticket violation notices to all retailers who were caught selling to a minor. The Registration and Certification Division has reviewed and issued administrative sanctions to some Registered Contract Managers.

During the lottery retailer investigative process, GPEB made the following observations:

1. Inadequate signage at the lottery kiosk to remind both customers and retailer employees that selling lottery products to minors is a violation under the *Gaming Control Act*;
2. A lack of sufficient displayed signage requiring the lottery retailer and employees to ask for identification for persons under a specific age;
3. An inconsistent documented education program for lottery retailers and employees regarding sale of lottery products to minors;
4. An inconsistent documented record by the lottery retailers to employees regarding acknowledgement of minors policy and offence ramifications; and

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Ministry of Finance

Gaming Policy and  
Enforcement Branch  
Assistant Deputy Minister's  
Office

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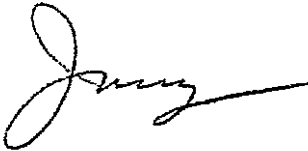
Location:  
Third Floor, 910 Government Street  
Victoria, BC  
Web: [www.gaming.gov.bc.ca](http://www.gaming.gov.bc.ca)

5. A lack of adequate questions on the lottery retailer and employee Certification Exam relating to potential ramifications of violations of selling lottery products to minors.

To address these findings, GPEB requests that the BC Lottery Corporation develop an action plan to improve its policies and procedures regarding the sale of lottery products in retail outlets. This plan should include measures to ensure retailers are aware of, and adhere to, those policies and procedures. GPEB's Audit and Compliance Division will follow up to ensure that the appropriate actions are being taken. At the end of the fiscal year, GPEB will post its findings on the GPEB public website.

I understand a recent letter from BCLC to lottery retailers regarding selling lotteries to minors included information regarding the GPEB investigation. While GPEB supports the intent of the letter, it is inappropriate for BCLC to share information about an ongoing GPEB investigation. In addition, if BCLC is drafting communications regarding any aspect of GPEB's operations or authority, they should be shared with GPEB for input prior to being released. This will ensure that errors, such as the references to our investigative process as a "mystery shopper" program, are avoided.

Sincerely,



John Mazure  
Assistant Deputy Minister

pc: Suzanne Bell, Executive Director, Corporate Services, GPEB  
Ursula Cowland, Executive Director, Licensing and Grants, GPEB  
Larry Vander Graaf, Executive Director, Investigations and Regional Operations, GPEB  
Terri Van Sleuwen, Executive Director, Audit and Compliance, GPEB  
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