

**CONFIDENTIAL
ISSUES NOTE**

Ministry: Energy and Mines

Date: March 15, 2012

Minister Responsible: Hon. Rich Coleman

**GPEB RFQ posting:
Problem Gambling
Counsellor (Richmond)**

SUGGESTED RESPONSE:

- The Gaming Policy and Enforcement Branch is issuing a request for qualified practitioners to provide problem gambling clinical counselling to serve the Richmond area.
- The posting comes as a result of the Branch's recent decision to not renew its problem gambling prevention and treatment contract with Richmond Addictions Services Society (RASS).
- To ensure uninterrupted access to problem gambling treatment in the area, existing qualified counsellors will be available to Richmond residents until the RFQ is completed and a contract is signed.
- GPEB already has new service providers in place to offer prevention programs and services in Richmond when RASS's contract expires.
- The contract allows for a total of \$135K in fees and expenses.

RASS non-renewal of contract:

- RASS recently informed the Gaming Branch that they would be unable to continue delivering problem gambling prevention and treatment services under the current payment terms of their contract.
- As a result, the Branch will not renew their contract when it expires at the end of March.
- There will be no service gaps as a result of this situation.

About Richmond's Chinese community (if asked):

- The Province is aware of the unique language and cultural needs of the Richmond community.
- Successful RFQ applicants must be bilingual in English and Cantonese and/or Mandarin.
- If necessary, interpreters are always available to all of the Province's contracted problem gambling counsellors.

Background:

On March 23 (TBD), The Gaming Policy and Enforcement Branch (GPEB) will post an RFQ for qualified clinical counsellors to provide problem counselling services in the Richmond area. To properly serve Richmond's unique population, successful applicants must be bilingual (English-Mandarin and/or Cantonese).

The posting comes in response to GPEB's recent decision to not renew its long-standing contract with Richmond Addictions Services Society (RASS) when it expires at the end of March.

GPEB's decision came about after RASS informed GPEB that they would not be able to continue to deliver services under the current payment terms of their contract. Other reasons to back this decision include:

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- BCLC's security systems have detected that PlayNow.com has been a victim of fraud with stolen credit cards and other information to open PlayNow.com accounts.
- This is not a malfunction of the PlayNow.com system, but a case of credit card fraud, where the perpetrators used stolen cards and information obtained somewhere else to open PlayNow.com accounts.
- Upon detecting this activity, it was immediately reported to Gaming Policy and Enforcement Branch, police and credit card processing companies.
- A police investigation is underway and is fully supported by BCLC and GPEB who are cooperating with the police.
- This incident serves as a stark reminder of the importance of protecting your credit card and other identifying information.
- As part of our investigation, we are identifying any further actions that BCLC can take to reduce the potential for this kind of incident to occur.

BACKGROUND:

On March 16, 2012, as part BCLC's standard security process on account withdrawals, BCLC contacted an individual requesting verification on a transaction of over \$10,000. The player connected to their account but claimed to have no knowledge of a PlayNow.com account registered in their name.

An investigation determined that the account was opened fraudulently using stolen personal information and a credit card number, without the knowledge of the owner of the identification and credit cards. Once the account was opened, the suspect used a different credit card to load approximately \$9,000 into the PlayNow.com account.

BCLC security has found a total of 12 fraudulent accounts opened between March 13 and 18, and at least six additional failed attempts to open accounts. A total of \$100,329 was loaded into the 12 accounts through 67 different transactions. BCLC locked down all 12 accounts once they were identified. The suspect(s) attempted to load the accounts with about 100 different stolen credit cards and three Interac cards – they were successful with 19 of the credit cards and two of the Interac cards.

BCLC uses *Equifax*, a third party credit processing company, to verify the identity of individuals opening PlayNow.com accounts with credit information they have on file. S15

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It is likely an organized group was involved in the activity and that BCLC is one of several businesses that was targeted. It's possible this activity may be linked to an alleged major fraud and identity theft operation that was uncovered by Burnaby RCMP on S15

As part of its investigation, BCLC will identify immediate action that can be taken to reduce the potential for this kind of activity. The fraud method used to gain access to the credit cards was not obtained through PlayNow.com.

Current security processes for PlayNow.com account registration:

- The player must provide personal information, including date of birth, email and phone number, details of a B.C. address and a credit card number for which they are the principle owner
- A third-party credit provider is used to verify identity, age and residency in B.C. Credit card details are used to find a player's credit profile and verify the information provided. The credit card is for verification purposes only and is not charged.
- For registration, players can only use a credit card for which they are the primary account holder – prepaid or corporate credit cards cannot be used to verify identity S15

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- The player must enter a username, password and secret security question, followed by a weekly 'transfer-in' limit to help manage their gambling budget.
- The player is only permitted to hold one account and only the registered account holder may use the account.
- For withdrawals of \$10,000 or more, BCLC will verify, prior to the withdrawal, that the bank account information provided in the request for withdrawal belongs to the account

holder. The player may also receive payment by way of cheque, but the account holder must appear in person at a designated BCLC Prize Payout location to provide appropriate ID. Withdrawals for amounts less than \$10,000 do not require account verification.

**CONFIDENTIAL
ISSUES NOTE**

**Ministries: Energy and Mines
Community, Sport and Cultural
Development**

Date: April 26, 2012; UPDATED May 3, 2012

**Ministers Responsible: Hon. Rich Coleman
Hon. Ida Chong**

Community Gaming Account Frozen in Kelowna

SUGGESTED RESPONSE:

- **A recent audit conducted by the Gaming Policy and Enforcement Branch (GPEB) has found a number of financial discrepancies in the Kalano Club of Kelowna's use of gaming grant funds.**
- **These discrepancies pointed towards several violations under the Gaming Control Act and the Conditions for Community Gaming Grants.**
- **As a result, under the authority of the Gaming Control Act, GPEB has frozen the organization's gaming account.**
- **As part of its mandate to ensure the integrity of gaming in British Columbia, GPEB regularly conducts audits of grant recipients to make sure that gaming funds are used appropriately.**

BACKGROUND:

The Kalano Club of Kelowna is registered as a charitable organization that provides support to individuals with alcohol addiction. It was eligible to apply for a community gaming grant under the human and social services sector. A community gaming grant for \$25,000 was issued to the Kalano Club of Kelowna on February 24, 2012.

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informing/reminding them that their gaming account has been frozen under the authority of the Gaming Control Act.

An audit by GPEB's Audit and Compliance division initiated a financial audit with the Kalano Club of Kelowna.

The auditor found a number of financial discrepancies that contravene the Conditions for Community Gaming Grant and the Gaming Control Act

An order pursuant to Section 83 of the Gaming Control Act was issued to the Interior Savings Credit Union in the City of Kelowna to hold in trust all assets and accounts of the Kalano Club.

GPEB's Audit and Compliance division will refer the matter to GPEB's Investigations and Regional Operations Division.

**CONFIDENTIAL
ISSUES NOTE**

**Ministries: Energy and Mines
Community, Sport and Cultural
Development**

Date: May 1, 2012; UPDATED May 3, 2012

**Ministers Responsible: Hon. Rich Coleman
Hon. Ida Chong**

Updated: Lotto Express Pilot Project

SUGGESTED RESPONSE:

- **The Loto Express pilot was launched at Price Smart Foods, 2880 Bentall Street on Tuesday, May 1st.**
- **As with any new technology, problems can happen and unfortunately, a customer was overcharged using the one activated PIN pad device. The customer received a refund immediately.**
- **BCLC is resolving the problem and will re-activate the device once it is fixed.**

General messaging

- **We are excited to pilot Lotto Express at Overwaita Foods Group. Lotto Express is a new and easy way to buy lottery tickets at the same time as groceries.**
- **The purpose of conducting a pilot is to ensure the product functions as expected and to gauge customers' reactions before it's launched on wider scale.**
- **Players have told us they would like the convenience of one-stop shopping. We listened and in this pilot, consumers can purchase Lotto 6/49, Lotto Max and Extra quick pick products at grocery store checkouts using existing credit/debit PIN pads.**

- **If this pilot is successful, Lotto Express may be expanded to include more store locations.**
- **This pilot project will complement, not replace, current lottery sales options at over 4,000 B.C. retail outlets.**
- **As with all lottery products, sales will be restricted to customers 19 years of age and older.**

BACKGROUND:

Lotto Express is a new way for consumers to purchase Lotto 6/49, Lotto Max and Extra quick pick products at grocery store checkouts using existing credit/debit PIN pads.

BCLC has reached agreement with Overwaitea Foods Group to pilot this project. The pilot began on May 1, 2012. One PIN pad device was activated at the first store in East Vancouver – Price Smart Foods, 2880 Bentall Street. Several purchases were completed successfully; however after technical issue was noted on a purchase the device has been taken offline temporarily. In that instance, a player selected a \$2 ticket, was charged \$5 on his grocery bill and received the \$2 ticket he selected. The cashier refunded the player the \$3 difference and BCLC took the device offline.

BCLC has kept Gaming Policy and Enforcement Branch informed and the device will be re-activated after BCLC is satisfied it has a solution and GPEB approves re-activation.

The purpose of the phased pilot is to ensure the product functions as expected. BCLC plans to install additional devices following the initial test period.

Pending the performance in the first phase, two more pilot stores are projected to launch the week of May 21 in Port Coquitlam – Cooper's Foods 1430 Prairie Avenue and North Vancouver – Save-on-Foods #600-333 Brooksbank Avenue.

The final two pilot locations will launch the following week in Burnaby – Price Smart Foods 7501 Market Crossing and Surrey – Save-on-Foods 12130 Nordel Way.

If successful, Lotto Express may be expanded, where appropriate, to include additional Overwaitea store locations.

This pilot project is intended to complement, not replace, lottery sales methods currently in place at over 4,000 B.C. retail outlets.

BCLC is working with TD Merchant Services, one of the largest payment processors in Canada, to manage the PIN pad hardware. PIN pad hardware has received GPEB certification.

Gaming Policy and Enforcement Branch

Achievements:

- A 2011 provincial review of anti-money-laundering measures confirmed the branch has the required level of expertise to provide oversight related to anti-money laundering and associated criminal activity. GPEB and BCLC are continuing their efforts to reduce money-laundering activity at B.C. casinos.
- In 2011, GPEB and BCLC commissioned the Responsible Gambling Council in Toronto to conduct a review of BCLC's voluntary self-exclusion program (VSE). It found that B.C.'s VSE program meets established best practices, but also contained recommendations for the program going forward. GPEB and BCLC are working to implement those recommendations.
- Any B.C. resident who wants help with problem gambling – their own, or that of a loved one – can get it. Counselling and support services are free and available throughout the province. There are no waitlists.
- B.C.'s toll-free, 24-hour Problem Gambling Help Line is available in 11 different languages and can provide immediate information, support and referrals.

Profile:

- Regulates all gaming – including casinos, community gaming centres, commercial bingo halls, retail lottery outlets and the PlayNow.com website.
- Issues licences to charitable organizations wishing to raise funds through gaming activities (raffles, casino nights, 50/50 draws, etc.)
- Regulates horse racing; is responsible for Horse Racing Industry Management Committee, working to revitalize industry (thoroughbred and standard bred) in B.C.
- Provides \$4.5 M to responsible gambling education and prevention programs, and to problem gambling treatment services (plus BCLC another \$2 M/yr to fund responsible gambling marketing and training activities).
- Maintains the Problem Gambling Help Line (1-888-795-6111) – available 24/7/365.

- No wait times for services; in 2010/11, 3,856 calls and more than 2,000 people received problem gambling counselling.
- Gaming equals over \$1 B in net income (2010/11) – \$280.4 M from lotteries, \$724.4 M from casinos, \$91.2 M from Community Gaming Centres.
- Largest share (2010/11) – almost \$692 M into general revenue; 2nd-largest share – \$147 M directly to health care.
- \$82.3 M last year to local governments with gaming facilities; \$135 M to gaming grants for non-profits.

Background:

- Budgeted total operating expenses for 2012/13 are \$18.14 M – down from \$18.36 M in 2011/12. 156 FTEs.
- Audit and Compliance – audits commercial and charitable gaming for compliance with all applicable laws, regulations and policies.
- Investigations and Regional Operations – investigates reports of real or suspected wrongdoing in casinos, from cheating at play and disruptive behaviour to money-laundering. This division works closely with federal regulators and RCMP Proceeds of Crime when appropriate.
- Between April 1, 2011 and February 15, 2012, GPEB's Investigations Division received 11,634 complaints and/or notifications of suspicious activity or suspected wrongdoing related to legal gambling.
- The vast majority of these were for minor infractions or assist with intelligence gathering.
- Branch manages responsible gaming and problem gambling programs. Studies show overall problem gambling prevalence unchanged in 2008 from 1993 level – 4.6% of British Columbians are estimated to be moderate or severe problem gamblers.
- Branch and BCLC are developing an enforcement framework that identifies escalating actions and penalties for voluntary self-exclusion participants who breach their agreement. This may include issuing violation ticket notices in some circumstances.

B.C. Lottery Corporation

Achievements:

- Delivers more than \$1 billion (2010/11) in revenue to the Province, local governments and non-profit organizations.
- 2011: provincial review of anti-money-laundering measures confirmed the Corporation employs standard and appropriate anti-money-laundering strategies. GPEB and BCLC are continuing their efforts to reduce money-laundering activity at B.C. casinos.
- Has helped to make B.C. a recognized leader in promoting responsible gambling and working to help those who voluntarily self-exclude themselves from play.
- 2011: 4-year study by BC Centre for Social Responsibility showed, of voluntary self-exclusion participants; 35% completely abstained from gambling, 65% never tried to return to a casino and 38% accessed counselling/treatment.
- Earned the highest responsible gambling certification by the World Lottery Association in 2009 (one of 13 jurisdictions to earn this), and the association's "Best Overall Responsible Gaming Program" award in 2010.

Profile:

- Grown over 25 years from lotteries to manage casinos, community gaming centres, bingo halls, and PlayNow.com. Conducts and manages gaming in a socially responsible manner.
- Promotes responsible gaming and integrity of gaming via corporate activities, gaming facilities and points of sale.
- Now adapting PlayNow.com games and services so they are more accessible on web-enabled handhelds (e.g., smartphones).

Background:

- Has approximately 900 employees between its Vancouver (corporate) and Kamloops (operational) offices.
- Gaming revenues provide more than \$1 billion in net income to the Province each year – in 2010/11, \$289 M from lotteries, \$724.4 M from casinos and \$91.2 M from Community Gaming Centres (\$8.9 M went to the federal government).

- Last year, almost \$692 million went into general government revenues, \$147.3 million into the health special account to support patient care, \$82.3 million to local governments and \$135 million to non-profit organizations.
- Since 1997, BCLC has provided facility development commissions to gaming service providers as an incentive to maintain high-quality gaming facilities.
- Advisors at GameSense Information Centres in every casino provide information about gaming, associated risks and services available to problem gamblers and their families.
- There were more than 7,600 recorded instances of individuals caught violating their voluntary self-exclusion (VSE) agreement in 2011. B.C. has had a VSE program since 1997.
- BCLC and the GPEB are developing an enforcement framework that identifies escalating actions and penalties for voluntary self-exclusion participants who breach their agreement. This may include issuing violation ticket notices in some circumstances.
- BCLC is now using ID scanners to aid staff in excluding minors from gaming facilities.
- Casino staff who handle cash are trained to detect suspected money-laundering activities.
- PlayNow.com delivers electronic gaming (lottery, casino and bingo) online to more than 180,000 registered players in B.C.
- B.C. has about 4,000 lottery retail locations.

B.C. has 17 casinos, including 8 in the Lower Mainland, two at racetracks:

- Grand Villa (Burnaby)
- Boulevard (Coquitlam)
- St. Eugene (Cranbrook)
- Lake City (Kamloops)
- Lake City (Kelowna)
- Cascades (Langley)
- Great Canadian (Nanaimo)
- Starlight (New Westminster)
- Lake City (Penticton)
- Treasure Cove (Prince George)
- Billy Barker (Quesnel)
- River Rock (Richmond)
- Fraser Downs (Surrey)
- Edgewater (Vancouver)
- Hastings Racecourse (Vancouver)
- Lake City (Vernon)
- Great Canadian (View Royal)

B.C. also has 17 community gaming centres:

- Abbotsford
- Campbell River
- Castlegar
- Courtenay
- Cowichan
- Dawson Creek
- Fort St. John
- Kamloops
- Kelowna
- Langley
- Maple Ridge
- Mission

- Port Alberni
- Prince Rupert
- Squamish
- Terrace
- Williams Lake

**MINISTRY OF ENERGY AND MINES
GAMING POLICY AND ENFORCEMENT BRANCH
ESTIMATES BRIEFING NOTE 2012/13**

ISSUE: Measures to Mitigate Problem Gambling

KEY MESSAGES:

- In 2012/13, the Province's budget for the Responsible Gambling Strategy is \$4.453 million. BCLC's responsible gambling budget is \$1.86 million, with an additional \$750,000 for responsible gambling promotion.
- B.C.'s toll-free Problem Gambling Help Line provides information and referrals to counselling services 24 hours a day, 365 days a year.
- Counselling services are provided at no cost for problem gamblers and affected others, such as family members. There are no waitlists.
- Prevention and education services are delivered to British Columbians of all ages to raise awareness about risks associated with gambling, promote responsible gambling practices, and provide information on how to get help.
- GameSense Advisors are available at all BC casinos. They provide responsible gambling information, offer support to patrons who may be experiencing distress, facilitate voluntary self-exclusion enrolment and refer patrons to problem gambling services and resources.
- For the protection of minors and the general public, the Province has established advertising and marketing standards for the gaming industry in B.C.
- PlayNow.com, BCLC's online gambling website, is regulated by the Province and provides a safe, secure, controlled environment for players, making it the best alternative to unregulated and illegal offshore Internet gambling sites.

BACKGROUND:

Problem gambling response:

- The Province has an immediate response network for problem gamblers and their family members.

- B.C.'s 24-hour toll-free Problem Gambling Help Line provides information and referrals in 10 languages (with a text option for the hearing-impaired).
- In 2011/12:
 - The Problem Gambling Help Line received 4,217 calls
 - Referrals from all streams resulted in 2,967 referrals to problem gambling clinical counsellors
 - 29 contracted clinical counsellors treated 2,384 people across B.C.
 - 326 people participated in Discovery, an intensive out-patient treatment program.
- Counselling client surveys, Discovery Program evaluations, and prevention evaluations ensure program services meet the needs of clients.
- BCLC's Voluntary Self-Exclusion Program (VSE) allows individuals to exclude themselves from casinos, commercial bingo halls and BCLC's PlayNow.com website. Active VSE program enrolment for 2011/12 was 7,966.
- BCLC has legislative authority to withhold prizes won by individuals registered in the VSE program. Unclaimed prize money is used to support the Province's Problem Gambling Research Advisory Panel.
- Bans from gaming facilities automatically apply to a VSE registrant's PlayNow.com account, if they have one.

Problem gambling prevention:

- The Province works to mitigate problem gambling through its prevention and education programs.
- In 2011/12, 17 prevention specialists delivered 3,185 presentations to 72,305 British Columbians. Demographics reached include:
 - Children and youth,
 - Higher-risk adults (young adults, older adults, Aboriginal and Asian communities), and
 - Allied professionals (primary care physicians, debt counsellors).
- Through contracted GameSense Advisors at every casino, the Province promotes responsible gambling practices and provides support to gaming patrons experiencing distress.
- In 2011/12, GameSense Advisors had well over 42,000 meaningful interactions with casino patrons regarding responsible play, referrals to VSE, and/or referrals to the Province's clinical counselling services.

Problem Gambling Public Awareness Campaigns

- In previous years, government conducted province-wide problem gambling awareness campaigns to increase public awareness of problem gambling issues and the availability of treatment services.
- The Province launched its first problem gambling public awareness campaign in spring 2004; its most recent campaign ran in 2008.
- For fiscal 2012/13, BCLC has budgeted \$750,000 for responsible gambling advertising and promotion.

**MINISTRY OF ENERGY AND MINES
GAMING POLICY AND ENFORCEMENT BRANCH
ESTIMATES BRIEFING NOTE 2012/13**

ISSUE: Addressing Wrongdoing Related to Gaming

KEY MESSAGES:

- Government is committed to ensuring the integrity of legal gambling and to deterring illegal gambling.
- In B.C., the Gaming Policy and Enforcement Branch (GPEB) investigates complaints or allegations of wrongdoing related to gaming and horse racing.
- In 2011/12, GPEB's Investigations Division received 13,536 complaints and/or notifications of suspicious activity or suspected wrongdoing related to legal gambling.
- The vast majority of these are for minor infractions or assist with intelligence gathering.
- The Investigations Division also receives reports of real or suspected illegal gambling and investigates them, where appropriate, and/or forwards them to local police forces.
- GPEB investigators continue to work with RCMP and local police forces on matters related to illegal gaming.

BACKGROUND: Service providers and BCLC are legally required to immediately provide notification to GPEB of any real or suspected activity, or violations of the Criminal Code of Canada and/or B.C.'s Gaming Control Act.

- Sanctions for offences under the Gaming Control Act include:
 - Ticket violation notices (up to \$500) for some violations;
 - Administrative sanctions for licensing or registration contraventions, including warnings, revocation of a licence/registration, or fines of up to \$20,000; and/or
 - In some cases, GPEB investigators can recommend to Crown Counsel that charges be laid under the B.C.'s Gaming Control Act or the federal Criminal Code.
- In addition to investigating complaints of real or suspected wrongdoing in *legal* gaming, in 2011/12, GPEB Investigations also handled—and/or assisted local police forces in handling—128 files related to illegal gaming.

Contact: Doug Scott
Cell Phone: s.17
Date: May 2, 2012

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2011 / 2012 GPE Investigations Division Statistics									
Type of Notification/ Complaints	Suspected Wrongdoing Notifications / Complaints	*Cleared							On-going Not Cleared
		¹ Criminal Code	² Gaming Control Act						
		Charge	Charge	³ Admin.	Warning: Written or Verbal	⁴ Intelligence	⁵ Other	⁶ Un-founded	
Theft	1,506	48	0	0	0	0	1,270	78	110
Assault	202	14	0	0	0	0	172	4	12
Threats	226	2	0	0	0	0	212	10	2
Fraud	201	11	0	0	0	0	134	30	26
Loansharking	8	0	0	0	0	8	0	0	0
Suspicious currency transactions / money-laundering	861	0	0	0	0	759	30	21	51
Cheat at play	174	2	0	0	0	0	73	87	12
Counterfeit	447	0	0	0	0	444	2	1	0
Gaming Control Act violations	272	0	2	149	8	5	71	10	27
Voluntary Self-Exclusion prohibited	4,077	0	0	0	0	4,069	5	1	2
Prohibited (other)	1,687	0	2	0	0	1,669	6	0	10
Other (types not categorized above)	3,875	9	0	0	0	421	3,305	24	116
TOTAL	13,536	86	4	149	8	7,375	5,280	266	368

NOTES

1 Criminal Code: Charges resulting from investigations conducted by the Investigation Division and/or from investigations where the Division assisted police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC).

- 2 Gaming Control Act:** . Charges by the Investigation Division requiring court appearance or ticket violation notice with voluntary penalty.
- 3 Administrative:** Breaches of conditions of licences or registration.
- 4 Intelligence:** Correlating data on suspect individuals and groups, forwarding data to police of jurisdiction, and maintaining data for future potential investigations. For example, RCMP receives all compiled counterfeit bills and suspect data for inclusion on National Counterfeit Data Bank in Ottawa.
- 5 Other:** Includes insufficient evidence to lay charges, assisting police of jurisdiction on unrelated criminal matters, and unidentified suspects.
- 6 Unfounded:** No substance to the allegation, notification or complaint.

ISSUES NOTE

British Columbia Lottery Corporation

Date: March 20, 2012

Minister Responsible: Rich Coleman

RFIQ – Cable Installation for Gaming Management System

SUGGESTED RESPONSE:

- **We are looking for certified vendors to install network cable at gambling facilities across the province.**
- **This network cabling will support the replacement of BCLC's aging gaming management system.**
- **The new system will manage casino operations at BCLC's 35 locations, including 12,000 slot machines and 450 tables, provide financial data and enhance operations at our facilities.**

BACKGROUND:

A Request for Information and Qualification (RFIQ) will be posted to BC Bid on March 21, 2012, to identify certified network cable installers for BCLC's gaming management system (GMS).

Proponents with proven certification will be invited to join a Request for Prequalification competition. Through this competition, BCLC will establish a roster of up to five qualified vendors to install network cable at gambling facilities across the province over the next three to five years.

Selected vendors will be required to obtain GPEB registration for all technicians used onsite prior to contract execution.

The RFIQ closes on March 28, 2012. The term of the contract is three years with the option to extend for two one-year terms. The estimated value of the contract is \$1.1 million over the three year term of the agreement.

Gaming Management System:

GMS is the software and equipment that operates and manages slot machines. The current system is 15 years old and nearing end of life. The replacement of this legacy system is a major capital project that will provide the foundation for future growth, modernization and evolution of the gambling business in B.C.

The objectives of replacing the current system are threefold:

1. Protect and sustain the existing \$1.5 billion casino business with a stable system
2. Grow the existing business and support future revenue opportunities in a socially responsible manner

3. Transform our business to improve operational excellence and effectiveness.

It will take approximately three years for BCLC to integrate the new system throughout its casino and community gaming network. Implementation of the new system will begin at the Kamloops casino in late spring 2012, with the final site being converted in spring 2015.

For more information, please contact:

Laura Piva-Babcock
Manager, Issues Management & Media Relations
Direct: (250) 828-5576 Cell: (250) 371-7274

ISSUES NOTE

British Columbia Lottery Corporation

Date: March 22, 2012

Minister Responsible: Rich Coleman

Decommissioning of Lotto Subscriptions

SUGGESTED RESPONSE:

- **Due to declining player demand, lotto subscriptions will no longer be offered as of April 23, 2012.**
- **Significant changes and enhancements to PlayNow.com now offer players more ways to play with added convenience, increased security and improved customer support services.**
- **PlayNow.com's Multi-draw and Never Miss a Draw options allow players to purchase advanced draws online; players also have the option to purchase up to 10 draws through Advanced Buy at their lotto retailer.**

BACKGROUND:

Beginning April 23, 2012, players will no longer be able to purchase Lotto 6/49, BC/49 and Extra subscriptions from lottery retailers or via renewal forms.

Lotto subscriptions offer players the option to pre-purchase Lotto 6/49, BC/49 and Extra tickets from a lottery retailer for all draws over select period of time. Over the past five years, subscriber base and revenue has been in steady decline – the number of subscriptions has dropped from more than 39,000 in 2007 to fewer than 11,000 today, and revenue has declined from \$8.1 million to a projected \$2.5 million (projected for fiscal 2012).

Internally, lotto subscriptions are a highly manual process involving player services and IT staff, and depend on out-dated legacy systems. Given the declining sales and to meet the changing needs of our players and our business, we have decided to retire subscription services.

Significant changes and enhancements to PlayNow.com now offer players more ways to play with added convenience, pay-as-you-go options, improved customer support services and increased security.

Decommissioning lotto subscriptions will save BCLC approximately \$269,000 in operating dollars annually and \$275,000 in direct costs (retailer commission). It will help eliminate or reduce time-consuming processes for various internal stakeholder groups, freeing up capacity to focus on higher priority, strategic initiatives.

As lotto subscriptions expire, players will be provided with notification and information about alternative options for purchasing tickets, such as Advanced Buy at retail locations or "Never Miss a Draw" on PlayNow.com. Over the course of 12 months, all active lotto subscriptions will be allowed to play out remaining draws and expire naturally with no option to renew. Current subscriptions will not be impacted.

In an effort to retain the revenue from lotto subscriptions, and as a thank you to subscribers and added incentive to try PlayNow.com, subscription holders will be offered a \$100 PlayNow.com credit. This offer will be mailed out along with the cancellation notification letters.

For more information, please contact:

Laura Piva-Babcock

Manager, Issues Management & Media Relations

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ISSUES NOTE

British Columbia Lottery Corporation

Date: May 9, 2012

Minister Responsible: Rich Coleman

Update: Lotto Express Pilot Project

SUGGESTED RESPONSE:

- **The Loto Express pilot will be re-launched at Price Smart Foods, 2880 Bentall Street on Wednesday, May 9th.**
- **BCLC has resolved the technical issue with the PIN pad.**
- **The pilot began on May 1, 2012, but was put on hold as a result of a technical issue.**
- **As with any new technology, problems can happen and unfortunately, a customer was overcharged using the one activated PIN pad device. The customer received a refund immediately.**

General messaging

- **We are excited to pilot Lotto Express at Overwaitea Foods Group. Lotto Express is a new and easy way to buy lottery tickets at the same time as groceries.**
- **Players have told us they would like the convenience of one-stop shopping. We listened and in this pilot, consumers can purchase Lotto 6/49, Lotto Max and Extra quick pick products at grocery store checkouts using existing credit/debit PIN pads.**

- **If this pilot is successful, Lotto Express may be expanded to include more store locations.**
- **This pilot project will complement, not replace, current lottery sales options at over 4,000 B.C. retail outlets.**

BACKGROUND:

The Lotto Express pilot re-launches May 9 at one store in East Vancouver (Price Smart Foods, 2880 Bentall Street). One PIN pad device will be activated; one additional device will be installed once the first is operating successfully.

The pilot began on May 1, 2012, but was taken offline temporarily after a technical issue was noted on a purchase. In that instance, a player selected and received a \$2 ticket, but was charged \$5 on their grocery bill. The cashier refunded the player the \$3 difference and BCLC took the device offline.

BCLC has implemented a solution so that, if this occurred again, the system will generate an error message and the transaction will not go through.

Lotto Express is a new way for consumers to purchase Lotto 6/49, Lotto Max and Extra quick pick products at grocery store checkouts using existing credit/debit PIN pads.

BCLC has reached agreement with Overwaitea Foods Group to pilot this project. The purpose of the phased pilot is to ensure the product functions as expected. BCLC plans to install additional devices following the initial test period.

Pending the performance in the first phase, two more pilot stores are projected to launch the week of May 21 in Port Coquitlam – Cooper's Foods 1430 Prairie Avenue and North Vancouver – Save-on-Foods #600-333 Brooksbank Avenue. The final two pilot locations will launch the following week in Burnaby – Price Smart Foods 7501 Market Crossing and Surrey – Save-on-Foods 12130 Nordel Way. If successful, Lotto Express may be expanded, where appropriate, to include additional Overwaitea store locations.

This pilot project is intended to complement, not replace, lottery sales methods currently in place at over 4,000 B.C. retail outlets.

BCLC is working with TD Merchant Services, one of the largest payment processors in Canada, to manage the PIN pad hardware. PIN pad hardware has received GPEB certification.

For more information please contact:

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ISSUES NOTE

British Columbia Lottery Corporation

Date: May 22, 2012

Minister Responsible: Rich Coleman

Player Participation and Responsible Gambling Programs

SUGGESTED RESPONSE:

- **Most British Columbians gamble responsibly.**
- **An independent study found that only 4.6 per cent of B.C. adults are problem gamblers.**
- **For those who can't gamble responsibly, we have a Responsible and Problem Gambling program.**
- **Through this program, we provide prevention and education services, as well as free counselling for people struggling with a gambling problem or have a loved one that may have a gambling problem.**
- **Counselling and support services are free and available throughout the province and there are no waitlists.**

BACKGROUND:

In a media interview, the opposition raised concerns that the government isn't doing enough to help problem gamblers. The critic commented on a statistic in BCLC's 2010/11 annual report that shows 63 per cent of adult British Columbians played the lottery or visited a casino at least once a month in fiscal 2010/11. He said he feels this number might be a bit high and is worried about how many of those are problem gamblers and would like to see a breakdown of how many of those people are regularly playing.

BCLC research indicates that in 2010/11:

- 58 per cent of B.C. adults participated in a lottery game (such as LOTTO MAX, Lotto 6/49 or scratch and win tickets) at least once a month;
- 13 per cent visited a casino or community gaming centre at least once a month; and
- 10 per cent played a game on PlayNow.com at least once a month.

The British Columbia Problem Gambling Prevalence Study, published in 2008, found that 4.6 per cent of B.C. adults are problem gamblers or about 159,000 people in B.C.

The study also specified addiction rates for play in various forms of gaming:

- Internet gamblers (29.0%)
- Electronic machine gamblers (25.2%)
- Poker tournament gamblers (24.8%)
- Sports lottery gamblers (22.6%)
- Bingo gamblers (16.1%)
- Speculative investment gamblers (13.9%)
- Horse racing gamblers (13.7%)
- Casino gamblers (12.1%)
- Sports outcome gamblers (11.9%)

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ISSUES NOTE

British Columbia Lottery Corporation

Date: May 28, 2012

Minister Responsible: Rich Coleman

BCLC Customer Support upcoming RFP

SUGGESTED RESPONSE:

- **Since the launch of casino games on PlayNow.com in 2010, phone calls and e-mails to BCLC's Customer Support Centre has increased by 170 per cent.**
- **We expect business to continue to grow especially now that BCLC will be providing online gambling services to other regulated gambling jurisdictions.**
- **That's why BCLC is seeking outside services to help them modernize their customer support centre so that they can meet the needs of BCLC's growing business and customers.**
- **BCLC will issue an RFP in early July 2012 to choose a supplier to provide this service and expects to select a successful proponent by Fall 2012.**
- **At this time, we don't know how this change will impact existing staff.**
- **Currently, the Customer Support Centre is located in the Kamloops BCLC office and responds to about 250,000 calls and e-mails from players, the public and lottery retailers every year.**

Background:

Since the launch of casino games on PlayNow.com in 2010, the Customer Support Centre has seen an increase of 170% in interactions and has reached a tipping point where its operations require additional scale to support our growing customer expectations and our growing business needs.

For example, BCLC recently launched a business-to-business service to provide PlayNow.com services to other regulated gambling jurisdictions. Currently, Manitoba Lotteries is expected to launch its PlayNow.com in early 2013. Part of BCLC's service offering is to provide full service customer support.

If BCLC were to continue with the existing CSC model, costs would increase and it would not address issues around capacity to support new products and new services or provide the best service to our players, public and partners.

BCLC has researched its options and has determined the best option is to engage a third party supplier to support consumer services.

Under a partnership model, BCLC's Customer Support Centre would be responsible for the communications, partner relationships, process design, training and escalation procedures with third party partners, and will provide the same on behalf of jurisdictional partners for their players.

BCLC will issue an RFP in early July 2012 to choose a supplier who can provide this essential support for our business. The RFP will stipulate that BCLC will only consider proponents with operations in Canada. A partnership arrangement and transition of customer interactions will take place gradually over an 18-month period.

BCLC expects to select a successful proponent by Fall 2012.

BCLC's Customer Support Centre (CSC) is located in our Kamloops office and has been part of BCLC's business since the business began in 1985. It provides support for all business lines and responds to calls and emails from players, the public and lottery retailers.

The CSC costs \$3.5 million to operate annually and currently handles 250,000 inquiries (calls and emails).

The CSC employs 41 full-time equivalents, but most of the roles are part-time or casual and also include temporary staff.

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