

**MINISTRY OF ENERGY AND MINES
Gaming Policy and Enforcement Branch
BRIEFING NOTE**

PREPARED FOR: Lori Wanamaker
Deputy Minister
FOR DECISION

CLIFF 489507

ISSUE:

The Investigations and Regional Operations Division requests approval to hire minors to test the practices of casino security in refusing entrance into gaming facilities and lottery retail personnel in refusing sale of lottery products to minors.

This enforcement activity will occur in 2013/14.

EXECUTIVE SUMMARY:

- A 2007 independent British Columbia Lottery Commission (BCLC) commissioned study on gambling and youth found that 43% of underage youth (ages 15-18) had participated in some form of gambling in British Columbia
- The use of its own minor agents to test the practices of lottery retailers and casino staff in preventing minors from gaming will allow GPEB to conduct more compliance and enforcement activities to prevent minors from gaming and replace more costly and less effective methods such as surveillance.
- The cost of implementing this program for one year is approximately \$17 This amount is for the minors' remuneration under a term contract. The entire cost of the program will be borne by Investigations and Regional Operations.
- To enhance compliance in advance of using minors as agents, GPEB will publicize the program by sending materials detailing the program and its purpose to all lottery retail outlets and gaming facilities.
- Risks to the minor 'agent' will be minimal as he/she will always be accompanied by an investigator. Standards, guidelines and safety requirements for minors are outlined in attached Appendices A and B.
- **Recommendation:** approve the hiring of minors as agents.

BACKGROUND:

Hiring minors in GPEB and Government

Minors have been used across the Province to successfully enforce age restrictions under the purviews of the Tobacco Control Program, Health Authorities, and Liquor Control and Licensing Branch.

In 2010/11 and 2011/12 GPEB worked with Fraser Health Authority and Northern Health Authority to use their minors to test the practices of lottery and tobacco retailers in refusing sale to minors. This resulted in violation tickets being issued to several retailers in the North and Fraser Valley regions. For example, during a 2011 joint tobacco-gaming compliance check in

s15 10 retailers were targeted and four sold lottery products to the minors. s15

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DISCUSSION:

Proposed Operational Plan

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Hiring Minors and Cost

The Liquor Control and Licensing Branch have an established qualified pool of minors who possess compliance and enforcement work experience and confidentiality training. It is

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s15 The use of this pool offers efficiencies to GPEB in terms of recruitment and diminished training requirements, and further opportunities to minors in the pool for employment.

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The cost of hiring minors for one year is approximately s17 Minors will be hired as contractors and invoice GPEB after the completion of each shift. The cost of purchasing lottery products is estimated to be between 0 - \$500,

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Penalties for Selling to Minors

Generally speaking, prosecutions should be initiated only where alternate methods to enforce compliance have been tried and have failed; where the offender has demonstrated a wilful or repeated non-compliance with the social regulatory statute; or where the public interest otherwise requires prosecution in order to protect the integrity of the regulatory scheme. In addition, this policy may have application to offences under the Criminal Code and other federal statutes which are primarily social regulatory in nature, "for certain provisions of the Criminal Code concerning the licensing and regulation of firearms and gaming". [See *Appendix C*].

Generally, enforcement will be based on the circumstances and evidence, while ensuring compliance with the social/regulatory regime.

Communication Strategy

To enforce the Gaming Control Act and to promote compliance in dealing with minors and gaming, GPEB will advise the BC Lottery Corporation, all service providers and lottery retail outlets of the use of minors to test their practices in refusing entry/sale to minors across the province, in an effort to prevent minors from accessing lottery products and gaming facilities.

RECOMMENDATION:

Approve the hiring of minors for the purpose of enhancing gaming compliance and enforcement.

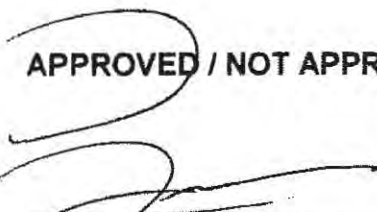
APPROVED / NOT APPROVED

DATE:

Lori Wanamaker
Deputy Minister

APPROVED / NOT APPROVED

DATE:



Douglas S. Scott
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2013/02/08

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Attachment(s)

- Appendix A: Minors as Agents Standards and Guidelines
- Appendix B: Minors as Agents Safety Policy
- Appendix C: Crown Counsel Policy Manual

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: June 6, 2012

Minister Responsible: Hon. Rich Coleman

Lottery Retailer Undercover Investigation results in charges

SUGGESTED RESPONSES:

- Between September and December, 2011, the Gaming Policy and Enforcement Branch (GPEB), with the assistance of the B.C. Lottery Corporation (BCLC) and local authorities, conducted a proactive, province-wide undercover investigation into lottery retailer theft of winning lottery products.
- Thanks to this investigation, GPEB gathered enough evidence from three separate retailers to recommend theft and fraud charges to the Crown.
- To ensure the integrity of gaming and consumer protection, GPEB investigates allegations of wrongdoing in legal gaming, and regularly checks lottery retailer compliance with applicable regulations and laws.
- Players can protect their potential wins by signing their lottery tickets, using BCLC's Check-A-Ticket terminals at lottery retailer locations, or by keeping an eye on the player display screen and listening for the winning jingle whenever a retailer is validating their ticket.

BACKGROUND:

Between Sept. and Dec. 2011, GPEB's Investigations and Regional Operations Division conducted an undercover investigation into lottery retailer theft of winning lottery tickets across the province. This investigation was carried out with the knowledge and support of BCLC and local authorities.

As part of the investigation, GPEB conducted interviews involving three lottery retailer outlets. In all three cases, GPEB investigators, with the assistance of local police forces, have gathered enough evidence to recommend theft and fraud charges to Crown Counsel.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy, Mines and Natural Gas

Date: Nov. 15, 2012

Minister Responsible: Rich Coleman

RFP posting: Gambling and Problem Gambling Prevalence Study

SUGGESTED RESPONSES:

- The B.C. government is issuing a request for proposals to conduct a new provincewide study into the prevalence of gambling and problem gambling in the province.
- This is standard research and is a key component of B.C.'s Responsible and Problem Gambling Program.
- The Province has conducted similar studies in past years to ensure its responsible and problem gambling programs and policies remain current and relevant.
- The new study will build on data gathered through the latest prevalence study (2008), updating it to reflect the impact of an evolving industry and the growing availability of online gambling, including the government-regulated PlayNow.com website.
- The study will be funded through gambling winnings withheld from Voluntary Self-exclusion program (VSE) participants found in breach of their VSE agreement—this fulfills the Province's 2010 commitment that any such winnings would be spent only on problem gambling research.

BACKGROUND:

On ^{s13} the Gaming Policy and Enforcement Branch (GPEB) will issue a request for proposals (RFP) to conduct a provincewide study into the prevalence of gambling and problem gambling in British Columbia.

The Province commissioned similar studies in 1993, 1996, 2003 and 2008, and is now looking to update the latest data gathered. The results will help the government and the B.C. Lottery Corporation to keep their responsible and problem gambling programs current and relevant.

The scope of the project will include:

- Determining the prevalence and nature of gambling and problem gambling among B.C. adults.

- Determining the prevalence and nature of gambling and problem gambling within the following sub-populations:
 - Young adults (18-24)
 - Older adults (55-75)
 - Asian and Aboriginal populations
 - Region-specific populations (based on B.C.'s five health authorities)
- Comparing the problem gambling behaviour and consequences within the above sub-populations.
- Comparing research findings with those from previous B.C. studies, and from recent studies conducted in other jurisdictions (Canadian and worldwide)

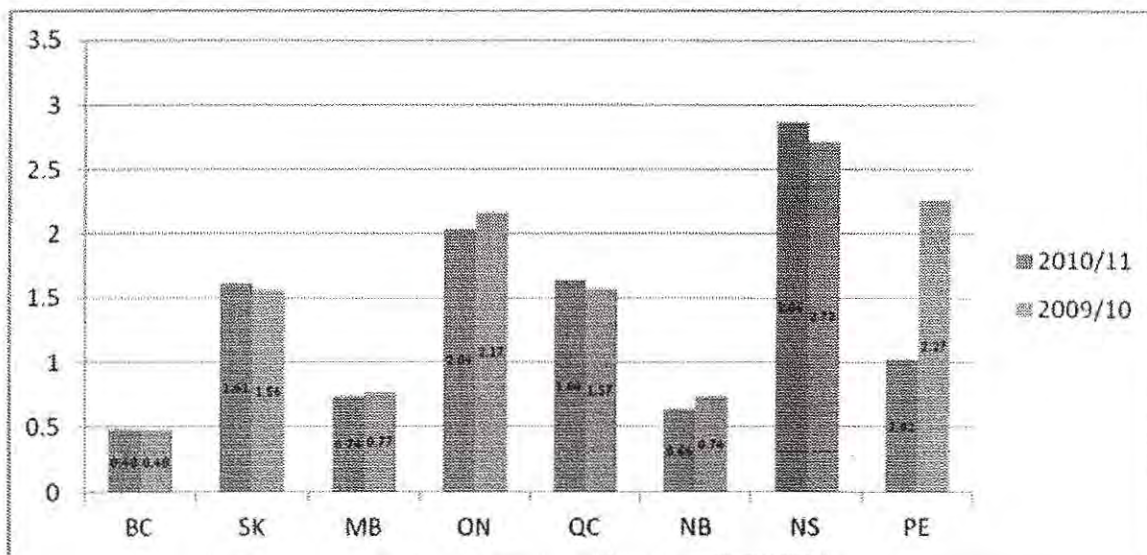
Key deliverables include:

- An overview of Canadian gambling/ problem gambling prevalence research
- A summary of gambling developments in B.C. over the past decade
- Recommendations to improve and update responsible gambling policies and initiatives

Given the diversity of public opinion on gambling and problem gambling, the successful proponent must be gambling neutral; any recommendations resulting from the study must be unbiased and evidence-based.

The RFP will be posted ^{s13} BCLC and GPEB will jointly review and evaluate the submissions. The contract is expected to be awarded by ^{s13} with data collection taking place in the spring. A final report will be due to the Province on ^{s13}

As a point of interest, the chart below shows the percentage of net government gaming revenue distributed to problem gambling initiatives in jurisdictions across Canada in 2010, with B.C. at the lowest end of the spectrum. There is currently a submission before Treasury Board requesting a \$1.5 increase for GPEB's Responsible and Problem Gambling programs.



ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy, Mines and Natural Gas

Date: Dec. 5, 2012

Minister Responsible: Rich Coleman

RFP posting: Gambling and Problem Gambling Prevalence Study

SUGGESTED RESPONSES:

- The B.C. government is issuing a request for proposals to conduct a new province wide study into the prevalence of gambling and problem gambling in the province.
- This is standard research and is a key component of B.C.'s Responsible and Problem Gambling Program.
- The Province has conducted similar studies in past years to ensure its responsible and problem gambling programs and policies remain current and relevant.
- The new study will build on data gathered through the latest prevalence study (2008), updating it to reflect the impact of an evolving industry and the growing availability of online gambling, including the government-regulated PlayNow.com website.
- The study will be funded through gambling winnings withheld from Voluntary Self-exclusion program (VSE) participants found in breach of their VSE agreement—this fulfills the Province's 2010 commitment that any such winnings would be spent only on problem gambling research.

BACKGROUND:

On Dec. 10, 2012, the Gaming Policy and Enforcement Branch (GPEB) will issue a request for proposals (RFP) to conduct a province wide study into the prevalence of gambling and problem gambling in British Columbia.

The Province commissioned similar studies in 1993, 1996, 2003 and 2008, and is now looking to update the latest data gathered. The results will help the government and the B.C. Lottery Corporation to keep their responsible and problem gambling programs current and relevant.

The scope of the project will include:

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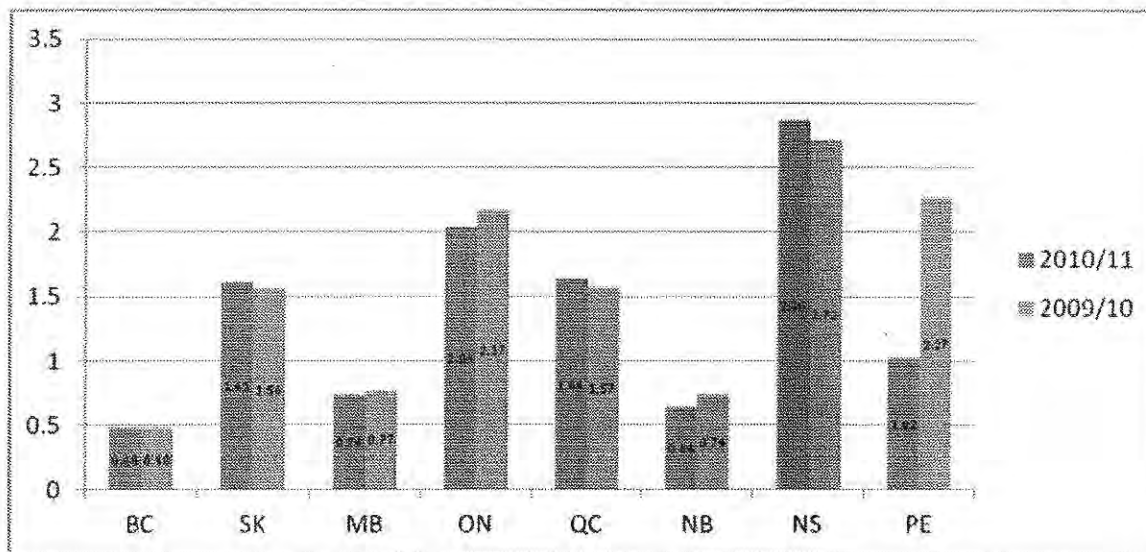
Key deliverables include:

- An overview of Canadian gambling/ problem gambling prevalence research
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- Recommendations to improve and update responsible gambling policies and initiatives

Given the diversity of public opinion on gambling and problem gambling, the successful proponent must be gambling neutral; any recommendations resulting from the study must be unbiased and evidence-based.

The RFP will be posted until mid-January, 2013. BCLC and GPEB will jointly review and evaluate the submissions. The contract is expected to be awarded by Feb. 15, with data collection taking place in the spring. A final report will be due to the Province by June 2013.

As a point of interest, the chart below shows the percentage of net government gaming revenue distributed to problem gambling initiatives in jurisdictions across Canada in 2010, with B.C. at the lowest end of the spectrum. There is currently a submission before Treasury Board requesting a \$1.5 increase for GPEB's Responsible and Problem Gambling programs.



ADVICE TO MINISTER
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ISSUES NOTE

Ministry of Energy, Mines and Natural Gas

Date: November 29, 2012

Minister Responsible: Rich Coleman

**Mission Community
Gaming Centre
Robbery**

SUGGESTED RESPONSE:

- There was an armed robbery at the Chances Mission community gaming centre in the evening of November 28.
- No one was hurt in this incident.
- GPEB investigators are working with BCLC to aid local authorities during this investigation, and will continue to cooperate wherever possible.

BACKGROUND:

On November 28, 2012 at 11:29, Chances Mission was robbed at gun point. Two suspects were involved s15. One suspect kept watch at the door while the other approached the cashier and demanded cash. Both suspects were wearing gloves and had hoods and masks covering their faces.

The entire incident lasted less than one minute. No shots were fired and no one was injured in the incident. s15

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Security on site and BCLC security are cooperating with police. Surveillance video has been provided to RCMP to assist in their investigation. s15

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s15 RCMP victims services and Gateway's employee assistance program has been made available to employees.

The approximate amount of cash that was taken was s15

Similar incidents took place at Chances Mission on July 2010 and March of 2011.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: May 31, 2012

Minister Responsible: Rich Coleman

Horse Racing Violations

ISSUE: Horse racing violations

SUGGESTED RESPONSES:

- Horse racing in British Columbia is regulated under the Gaming Control Act and according to the Province's Rules of Thoroughbred & Standardbred Horse Racing.
- The rules cover, among other things, the running of the race, drug testing and the eligibility of horses, jockeys and drivers. The rules ensure horse racing is conducted fairly and with integrity.
- The Branch may suspend or cancel registration and/or a licence upon violation of the respective terms and conditions of horse racing rules and policies.
- All individuals who work in or provide services to the horse racing industry must be registered with, and licensed by, the Gaming Policy and Enforcement Branch.
- Registrants are required to submit to a background check, which includes but is not limited to a criminal record check and a credit check. The registration process must be successfully completed before a licence can be issued.
- Regulatory staff include judges and stewards, veterinarians, and investigators.
- The Gaming Policy and Enforcement Branch's budget for regulating the horse racing industry 2012/13 is \$1.9 million.

BACKGROUND

- Rulings and Reconsiderations for Licensee Violations are reported on the branch website at: <http://www.pssg.gov.bc.ca/gaming/horse-racing/docs/rulings-and-reconsiderations-ytd.pdf>
- BC deceased horses statistics:
 - **Hastings 2012** (to May 28, 2012)
 - Training 2, Racing 3, Barn 0
 - **Hastings 2011**
 - Training 9, Racing 4, Barn 7
 - Racing fatalities were 1.06 per 1000 starts
 - Racing fatalities in thoroughbred industry (mainly U.S., 2010) on dirt tracks was 2.14 fatalities per 1000 starts
 - **Fraser Downs 2012** (to May 28, 2012)
 - Training 0, Racing 0, Barn 0

- **Fraser Downs 2011**

- Training 1, Racing 2 , Barn 0
- Racing fatalities are 0.31 fatalities / 1000 starts
- Standardbred industry standard (California, 2006 – 2010) is 0.09 fatalities per 1000 starts.

- There are two commercial horse race tracks in British Columbia (Vancouver and Surrey). There are also three community event tracks (Vernon, Princeton, Kamloops).
- Five thousand licensed owners, jockeys, drivers, trainers, grooms and exercise personnel participate in approximately 200 days of live racing in the province each year.
- The horse racing industry has an estimated economic impact of \$350 million and directly employs 3,600 people. More than 7,400 individuals derive an income from racing in full-time, part-time and casual employment.
- In the past several years, wagering at racetracks and teletheatres in B.C. has grossed approximately \$200 million a year, with 75 per cent of that coming from teletheatre wagering and 25 per cent from live horse racing. In 2011, this number decreased to \$171.6 million. Net earnings in 2011 amounted to \$46.65 million (including a government grant of \$6.75 million in 2009/2010).
- The branch established the Horse Racing Industry Management Committee in November 2009 to provide strategic direction, decision-making and business leadership to the horse racing industry in B.C., with the aim of revitalizing it. One specific goal is to bring innovation to live horse racing and attract new customers, particularly in the younger demographic. The B.C. Lottery Corporation is providing expertise to assist with this goal.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: Sept 29, 2011 (updated July 10, 2012)

Minister Responsible: Hon. Rich Coleman

Horse Racing Industry

SUGGESTED RESPONSES:

- Horse racing accounts for approximately 3,600 full-time equivalent jobs, which means that more than 7,400 people in B.C. count on the industry for some or all of their income.
- Overall, the economic impact of the industry was estimated at \$350 million in 2008 – but the industry has seen declining participation with the rise of other gaming options.
- In response to declining revenues over the past decade, industry organizations asked the Province to intervene in 2009, to stabilize and revitalize racing in B.C.
- The result was the Horse Racing Management Committee, created in November 2009 to provide strategic direction, decision-making and business leadership to the horse racing industry in B.C., with the aim of revitalizing it.
- The Committee is responsible for all strategic business decisions for the horse racing industry, including the overall allocation of anticipated revenue.
- In 2011/12, the Province provided \$10 million in horse racing grant funding, ensuring greater stability and certainty in government support.
- Of that \$10 M, 750 K was dedicated exclusively to develop a marketing strategy, which is currently being implemented with the full support of--and further funding from--the industry.
- In May the Horse Racing Management Committee conducted extensive consultations with owners, breeders, trainers, bettors, track employees, the track operator and

other interested stakeholders, on how to further revitalize the industry.

- Based on these consultations, the Committee is currently working on a business model that will give the industry the greatest opportunity for success.

BACKGROUND:

B.C. has two commercial horse racing tracks:

- Fraser Downs in Surrey (standardbred racing)
- Hastings Racecourse in Vancouver (thoroughbred)

And three community-based tracks:

- Sagebrush Downs in Kamloops (thoroughbred)
- Sunflower Downs in Princeton (thoroughbred)
- Kin Park in Vernon (thoroughbred)

Approximately 5, 000 licensed owners, jockeys, drivers, trainers, grooms and exercise persons participate in approximately 200 days of live racing in the province each year.

In the past several years, wagering at racetracks and teletheatres in B.C. has grossed approximately \$200 million a year, with 75 per cent of that coming from teletheatre wagering and 25 per cent from live horse racing. In 2011, this number decreased to \$171.6 million. Net earnings in 2011 amounted to \$46.65 million (including a government grant of \$6.75 million in 2009/2010).

Industry and Challenges

Horse racing offers a unique combination of spectator sport and gambling entertainment. However, live horse racing is not attracting a younger demographic, causing the industry to suffer a decline in recent years. Other forms of entertainment and gambling are of interest to the public because they provide more direct and immediate interaction, and are more easily understood by a lay person. One of the key goals of the Horse Racing Industry Management Committee is to bring innovation to both elements in order to attract new customers. The B.C. Lottery Corporation is providing expertise to assist with this goal.

In the past,

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s13 beneficial to the industry. Although casinos at racetracks were developed as a solution to revenue issues, they only address a small part of the problem. Part of the decline is also cultural: new audiences are not being drawn to horse racing. This decline has been ongoing for the past decade.

B.C. Horse Racing Management Committee

In response, industry organizations asked the Province to intervene, to stabilize and revitalize racing in B.C. The result was the creation of the B.C. Horse Racing Management Committee (HRMC) in November 2009, to provide strategic direction, decision-making and business leadership to the horse racing industry in B.C., with the aim of revitalizing it.

ADVICE TO MINISTER

This committee is responsible for strategic business decisions for the horse racing industry, including the overall allocation of anticipated revenue. It has improved industry governance by establishing a centralized, transparent and accountable financial model.

At the instigation of the committee, BCLC and Great Canadian Gaming Corporation (the track operator) have developed an industry marketing plan, and implementation is underway. The committee continues to explore other potential revitalization options.

The committee does not manage operations or make operational decisions. Operations are managed by the track operator (Great Canadian Gaming Corporation), Harness Racing B.C. (standardbred racing), Horsemen's Benevolent and Protective Association (thoroughbred racing) and the B.C. Thoroughbred Owners and Breeders Association (thoroughbred racing). Information is also shared with all industry associations, including the Horsemen's Benevolent and Protective Association, whose expertise is also regularly sought through industry meetings.

Governance and Revenue Picture

B.C. now has a stable governance model that allows for clear financial allocations. For 2011, GPEB was able to develop an accurate budget forecast for the industry as a whole – something the industry lacked before the work of the HRMC. The industry can now better manage its finances. The HRMC is exploring a number of additional initiatives, including new marketing directed by BCLC.

Still, the financial situation of the industry remains precarious, and the long-term forecast for the industry is not yet clear. In 2011, wagering in horse racing in B.C. declined by approximately 6.17 (down from 12 percent) per cent from the year before.

In 2011/12, the Province provided a grant to the industry of \$10 million. \$10 million in grant funding was also provided in 2010/11. From 2004/05 to 2009/10, the Province supported the industry financially through grants, which are based on 15.5 per cent of net slot revenues at the Hastings Park and Fraser Downs casinos. These have averaged approximately \$5.8 million per year.

The new commitment provides more funding and greater certainty. This funding, combined with revenue from live and simulcast (online, teletheatre, and telephone) betting, makes up the available funds for industry purposes. Allocations for the industry in 2011 total \$46.09 million:

- Great Canadian Gaming Corporation - \$16.18 million
- Thoroughbred Sector - \$9.67 million
- Standardbred Sector - \$6.44 million
- Advertising and marketing fund - \$0.8 million
- TBC Teletheatre BC - \$13 million

These totals build on allocations made during 2010, establish an advertising and marketing fund that BCLC will manage to help attract people to racing, and provide more for purse pools to enhance the experience of racing patrons and participants.

The allocation to Great Canadian Gaming Corp. is intended to support the cost for its operations at Fraser Downs and Hastings racetracks. TBC Teletheatre's allocation is separate from the track operations.

Marketing Funding and Great Canadian Gaming Corp.

Racing operations are a joint effort of the track operator (i.e., Great Canadian Gaming Corp.) and the horsemen's associations, which manage the purse pools. The marketing fund, managed by BCLC, will benefit the industry overall. The marketing fund totals \$1 million, including a \$200,000 contribution from industry. Any marketing efforts that attract additional betting customers to horse racing will benefit the industry as a whole. Any additional revenue gained as a result of these marketing efforts will be shared among all industry participants.

Current Horse Racing Marketing Efforts

The marketing strategy is designed to leverage the strengths of off-track betting (online, telecast, phone), build on successes of marquee days, and engage players. Features of the marketing plan include:

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All costs related to these marketing efforts have been budgeted for through the marketing budget BCLC is charged with managing.

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Funding for Horse Racing Facility Upgrades

Facility upgrades are not funded through the marketing fund managed by BCLC. Facility upgrades are funded separately by Great Canadian Gaming Corp. The marketing plan mentions these upgrades as one of several initiatives that are likely to benefit the industry.

Regulation of the Industry

The Gaming Policy and Enforcement Branch allocates \$1.9 million each year for the regulation of the horse racing industry. All who work in or provide services to the industry are registered with and licensed by the Branch. As part of its activities, the Branch develops fair and appropriate rules and policies to help ensure horse racing is conducted fairly and with integrity.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: Nov. 2, 2012

Minister Responsible: Hon. Rich Coleman

DRAFT CBC's Fifth Estate Ontario lottery fraud story

SUGGESTED RESPONSES:

- For a retailer to be allowed to sell lottery products, they must first be registered by the Gaming Policy and Enforcement Branch (GPEB); they must also complete training provided by the B.C. Lottery Corporation (BCLC).
- To ensure the integrity of gaming and consumer protection, GPEB works closely with BCLC to investigate allegations of wrongdoing in legal gaming.
- This includes regularly checking on lottery retailer compliance with applicable regulations and laws. If a retailer does not pass a BCLC integrity test, the case is forwarded to GPEB investigators for follow up.
- In B.C., all wins by retailers or their family members are subject to an interview to help to determine the winning ticket's origin.
- In addition, BCLC uses a system called Lottery History Lookup to track where and when a ticket was sold.
- Players can protect their potential wins by signing their lottery tickets, using BCLC's Check-A-Ticket terminals at lottery retailer locations, or by keeping an eye on the player display screen and listening for the winning jingle whenever a retailer is validating their ticket.

BACKGROUND:

BCLC recently informed GPEB that on November 2 at 9 p.m, CBC's Fifth Estate will be airing a feature on how the Ontario Lottery and Gaming Corporation (OLG) used their Data Analysis and Retrieval Technology (DART) to track down the rightful owners of a SUPER 7 ticket bought late in 2003. The ticket won a free ticket, which in turn went on to win a \$12.5 jackpot on December 26 of that year.

ADVICE TO MINISTER

In January 2004, the prize was unlawfully claimed by Kathleen Chung, a relative of the lottery retailer where the free winning ticket was validated. OLG turned the file over to the Ontario police in 2006, as they suspected that Chung wasn't the person who had purchased the original ticket.

In Sep 2010, the Ontario police laid criminal charges against Chung, her brother and father. Her brother owned the store where the winning ticket was validated; her father was employed at that same store. Charges included theft, fraud, money laundering and possession of proceeds of crime.

Using their in-house data-tracking tool or DART (Data Analysis and Retrieval Technology), OLG reconstructed the play pattern that led to the win. DART provides instant access to billions of lottery transactions dating back to 1999, and enables quick identification of play patterns that can help confirm legitimate winners and identify potentially fraudulent behaviour and claims.

In January 2011, a group of seven Ontario residents were identified as the rightful winners of the \$12.5M draw. OLG filed a civil lawsuit in March 2011 against the Chung family. A preliminary hearing is scheduled for this November (2012).

The case was highlighted in the 2007 Ontario Ombudsman's report about unusually high numbers of inside wins and was featured by the Fifth Estate.

As a point of interest, an independent analysis on retailer wins in B.C. between August 2007 and May 2009 concluded that retailer win rates were within expected statistical variations.

BCLC has several steps in place to address concerns regarding multiple retailer wins, including:

- A payout process that includes multiple checks to ensure retailers who win prizes are the rightful owners of the winning tickets
- A database that tracks all retailer wins over \$1,000 (used to identify retailers who win multiple prizes)

Investigations involving alleged lottery retailer theft and or fraud:

2010/11

Total files	48
Unfounded:	38
Concluded by charge*	0
Concluded "other"**	10

2011/12

Total files	48
Unfounded	32
Concluded by charge*	4
Concluded "other"**	12

*Criminal charges of theft were laid against retailer/retailer employee

**Concluded "other" means: a) Insufficient evidence could be found to prove theft/criminal charge being laid; and/or b) a procedural error was made by retailer or the retailer employee, and/or c) breach of BCLC policy by retailer/retailer employee.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy, Mines and Natural Gas

Date: January 9, 2013

Minister Responsible: Hon. Rich Coleman

Canucks for Kids Fund 50/50 system

ADVICE AND RECOMMENDED RESPONSE:

- After extensive testing, the Gaming Policy and Enforcement Branch has approved the Canucks for Kids electronic 50/50 ticketing system (*Bump 50/50*).
- We appreciated the full voluntary co-operation and compliance of Canucks for Kids during the investigation.
- We're pleased Canucks for Kids was able to use the off-season to improve their processes.
- Our primary concern is consumer protection.

KEY FACTS REGARDING THE ISSUE:

The Canucks for Kids Fund's electronic 50/50 system has been tested and re-certified by the Gaming Policy and Enforcement Branch (GPEB) after a system failure in April 2012 – in time for the new hockey season.

The charity will be posting a letter explaining the incident and the solution on their website (canucks.nhl.com) on Thursday, January 10, 2013 and sending a message directly to members.

On August 3, 2012 Canucks for Kids, a registered B.C. charity, informed GPEB that a technical glitch in their 50/50 system (*Bump 50/50*) had occurred in April 21, 2012. The malfunction involved the system's cellular network being down for an unspecified amount of time during a gaming event. This meant that not all purchased tickets were entered into that particular draw.

GPEB immediately directed Canucks for Kids to stop using *Bump 50/50*, and issued a formal letter to the charity, outlining a number of requirements they must fulfill in order to keep their gaming licence.

GPEB began an investigation and audit, with the support and co-operation of Canucks for Kids, to test the reliability of the system. After three rounds of testing *Bump 50/50* was approved for use. GPEB has also required additional training for Canucks for Kids volunteers. The full results of this audit will be made public in February.

Electronic 50/50 ticketing systems are only used to sell and print electronic tickets. They neither generate numbers, nor are in any way involved in determining the winners. GPEB is developing policy standards for approving electronic 50/50 technology, in order to certify any electronic 50/50 system before it is used by charitable gaming licensees.

Communications Contact: Melissa Peters
Program Area Contact: Suzanne Bell

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ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: August 31, 2012

Minister Responsible: Hon. Rich Coleman

DRAFT **Electronic 50/50** **systems**

SUGGESTED RESPONSES:

- Electronic 50/50 ticketing systems are relatively new, with only two gaming licensees in B.C currently using them.
- The technology is used to sell 50/50 tickets through mobile equipment (i.e., tablets), replacing the coils of printed tear-off tickets, which would otherwise be handled by volunteers.
- These systems do not generate numbers, nor are they in any other way involved in the outcome of the draw; the draw itself is still conducted manually.
- The Gaming Policy and Enforcement Branch (GPEB) makes every effort to keep the pace with a rapidly evolving gaming industry and its related tools.
- GPEB is currently working on new technology standards for approving electronic 50/50 systems used by gaming licence holders, and on updating the terms and conditions of gaming licences to mandate that any such equipment must first be approved by GPEB.

GPEB Audits

- To help ensure the integrity of licensed gaming activities in B.C., GPEB regularly conducts audits of gaming licence recipients.
- Organizations to be audited are chosen at random, or based on risk assessment—any charitable organization that obtains a licence to conduct a gaming event could be audited at any given time.

- Canucks for Kids has a long history of compliance with GPEB.

BACKGROUND:

The Canucks for Kids Fund raises awareness and funds to support children's health and wellness. They do this through several charitable events, including 50/50 draws at Canucks games. The organization is a long-time recipient of GPEB charitable gaming licences.

In August, 2012, Canucks for Kids informed GPEB that a technical glitch in their electronic 50/50 system (*Bump 50/50*) had taken place in April, 2012. The glitch involved the system's cellular network being down for an unspecified amount of time during a gaming event. This meant that not all purchased tickets were entered into that particular draw.

Electronic 50/50 systems are only used to sell and print electronic tickets. They do not generate numbers or are in any way involved in determining the winners. For this reason, up till this point, GPEB has not required the equipment and software to be certified, nor do the companies providing the technology need to be registered.

To this date, only two licensees have used this technology. However, the other licensee (BC Lions) uses a different vendor, *50/50 Central*. GPEB is not aware of any issues with this other vendor. Two other licensees have existing contracts with *50/50 Central*, but they are still in the process of getting the system set up and have yet to use it at all. No licensee other than Canucks for Kids is currently using, or planning to use, *Bump 50/50*.

In light of the April incident, GPEB is now working on developing technology standards for approving electronic 50/50 technology used by gaming licence holders. In addition, the Branch will likely add two new requirements to all applicable Terms and Conditions for Charitable Gaming Licences:

1. Licensees must immediately report to GPEB any failures or irregularities involving electronic 50/50 systems
2. GPEB must approve any electronic 50/50 systems before they can be used by charitable gaming licensees.

In the meantime, GPEB will adopt the following measures:

- Direct Canucks for Kids to stop using *Bump 50/50* until a GPEB-approved independent test lab can complete a review of the technology.
- Investigating whether *50/50 Central* has experienced similar issues. If that is the case, licensees will not be allowed to use the system until it has been approved by an independent test lab.
- *50/50 Central* will also need to be tested and approved by GPEB once the standards for this technology have been developed.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: July 5, 2013

Minister Responsible: Hon. Mike de Jong

Disruption of PlayNow.com and BCLC.com

SUGGESTED RESPONSES:

- BCLC.com and PlayNow.com were temporarily disrupted by external malicious traffic last Tuesday, July 2.
- The flood of traffic caused the sites to be disrupted intermittently.
- There was no breach of privacy. Players' personal information was not compromised.
- BCLC has protective software in place to minimize the effect of such attacks and to protect players' personal information.

BACKGROUND:

BCLC's report (INCO187592 / Prolexic 97200 DDoS), dated July 3, 2013, was forwarded to GPEB.

The report states in part that the attack, ^{s15} began at about 11:34 a.m. July 2, 2013. (At 12:41 p.m. the attack was still ongoing. At 5:01 p.m. the attack had subsided. At 9:28 p.m. the attack had been inactive for four hours, and the incident status was changed to "resolved." At 8 a.m., July 3, analysis was begun to identify any further risk.)

The attack shut the sites down for approximately 15 minutes. Subsequently, the effect of the attack was to slow the sites down.

The scope of the attack was denial of service. There was no hacking of the sites and no compromise of privacy.

Attacks such as this one are routine for businesses like BCLC, although this was BCLC's first attack of this kind.

ADVICE TO MINISTER
CONFIDENTIAL

ISSUES NOTE

British Columbia Lottery Corporation

Date: July 24, 2012

Minister Responsible: Rich Coleman

**Executive Compensation-
BCLC**

SUGGESTED RESPONSE:

- BCLC generates over \$1 billion in net income for government annually and, given the scope and scale of its business, must attract and retain a highly qualified executive team that can sustain and grow these results.
- All BCLC Executive compensation is designed to instill positive performance and results.

INCENTIVE PAY:

- BCLC's variable incentive is the "at risk" portion of employee compensation – it is paid only when BCLC achieves its net income target within 5 per cent.
- BCLC's net income for fiscal year 2011/12 was \$1.194 billion, surpassing the variable incentive trigger of \$1.135 billion.

CEO COMPENSATION:

- Fiscal 2011/12 is the first year Mr. Graydon has received a base salary increase since joining the corporation in March 2008.
- It was awarded based on consistent, measurable results and his individual performance and corporate achievement.
- The change also better aligns Mr. Graydon's salary with the CEO salaries of comparable organizations.
- For fiscal year 2011/12, the total compensation package for Mr. Graydon is \$461,419, with his base salary increasing from \$240,000 to \$300,000 per year.

EXECUTIVE COMPENSATION:

- BCLC's executive compensation is tied to individual and corporate performance – their compensation increases reflect this.
- The remainder includes increases to their pension plan, payouts of unused vacation time from 2009 and an Executive members' perquisite allowance (\$12,000 per year).

**ADVICE TO MINISTER
CONFIDENTIAL**

SCOTT NORMAN SEVERANCE:

- **BCLC ended its business relationship with Mr. Scott Norman in March 2011.**
- **Mr. Norman's compensation as Chief Information Officer was earned over the course of many years working at BCLC (2004-2011) and his severance package is within the termination guidelines set out by the Public Sector Employers Act.**
- **The amount remitted to Mr. Norman is based on an 18 month notice period and includes base salary, variable incentive, perquisite and benefit costs for the period.**
- **BCLC has an obligation to pay out these types of balances when employment ends, according to the limits set out in the Public Sector Employers Act Regulations.**

BACKGROUND:

BCLC's FY11/12 Executive Compensation Disclosure Statement has been submitted to PSEC. The statement is being posted on the PSEC website on July 25, 2012.

BCLC's Executive compensation supports its performance-based culture. Adjustments to salary levels are approved by BCLC's Board of Directors.

Annual salary increases and incentive pay are based on individual, divisional and corporate performance. The major objectives of BCLC's incentive pay program include:

- Linking compensation to performance.
- Ensuring total compensation is competitively benchmarked against the standard in the marketplace.

The program is designed to provide opportunity to reward employees based upon their individual performance, qualifications, skills and experience.

At-a-glance summary of BCLC CEO/Executive Compensation

	Total Compensation			% Increase FY2011/12 over	
	FY2011/12	FY2010/11	FY2009/10	FY2010/11	FY2009/10
Michael Graydon	461,419	421,084	382,881	10%	21%
Scott Norman	440,340	292,554	288,907	*51%	*52%
Jim Lightbody	320,259	296,134	286,009	8%	12%
Kevin Gass	307,247	280,904	270,286	9%	14%
Tom Williamson	306,518	283,588	n/a	8%	n/a

**The increase for Scott Norman is due to his severance being equivalent to 18 months compensation.*

**ADVICE TO MINISTER
CONFIDENTIAL**

CEO Compensation

Notable changes to Mr. Graydon's overall compensation package are as follows:

- Base salary was increased from \$240,000 to \$300,000 per annum.
- Mr. Graydon's maximum potential incentive was limited to 13.33% of base salary, down from 20% in previous years.
- The deferred incentive was eliminated from Mr. Graydon's compensation package.

While Mr. Graydon's base salary increased by 25%, his overall total compensation was limited to an increase of just 9.58% over 2010/11. In 2010/11 his total compensation was \$421,084, and in 2009/2010 it was \$382,881.

Executive Compensation

BCLC's corporate structure includes ten Vice-Presidents, with annual executive total compensation ranging from \$242,000 - \$320,000 (base salary range from \$170,000 - \$226,000).

Included in the top five paid Executive are:

Jim Lightbody, Vice President, Casino & Community Gaming:

- 2011/12: \$ 320,259
- 2010/11: \$ 296,134
- 2009/10: \$ 286,009

Kevin Gass, Vice President, Lottery Gaming:

- 2011/12: \$ 307,247
- 2010/11: \$ 280,904
- 2009/10: \$ 270,286

Tom Williamson, Vice President, Finance & Corporate Services & CFO:

- 2011/12: \$ 306,518
- 2010/11: \$ 283,588
- 2009/10: n/a

Included in total compensation are salary, variable incentive, vacation, pension, supplemental pension, perquisite allowance, statutory amounts, and benefits. Compensation for BCLC executives is reviewed by PSEC.

Perquisite allowance is a \$12,000 per year allowance for Executive to spend at their discretion and is part of the Executive employment and compensation package. The perquisite allowance was implemented in 2008 to replace the car allowance and associated operating, maintenance and fuel costs.

BCLC's Board of Directors sets the annual performance goals for the President and CEO and based on that, performance goals are established for the Vice-Presidents and employees. Performance bonuses are only paid if both the corporate and individual performance bonus goals are achieved.

**ADVICE TO MINISTER
CONFIDENTIAL**

Scott Norman Severance

Scott Norman's severance package (terminated without cause on April 1, 2011) is within the termination guidelines set out by PSEC. The amount remitted to Mr. Norman, \$435,826, is based on an 18 month notice period and includes base salary, variable incentive, perquisite and benefit costs for the period.

Corporate Goals and Performance Results for Fiscal 2011/12:

In 2011/12, BCLC achieved record net income of \$1.194 billion, exceeding the threshold of \$1.135 billion, while net win results were just under target.

Corporate Goal	Goal Weighting	Result	Threshold	Target
Net Income (before taxes)	50%	\$1,194.3	\$1,135.0	\$1,200.0
Net Win	50%	\$2,059.5	\$1,985.0	\$2,098.0
Total	100%			

Key Performance Indicators for Fiscal 2011/12:

In 2011/12, BCLC met or exceeded all key performance indicators (KPIs), well within the statistical margins of error, for public support, responsible gambling awareness, and player participation and satisfaction.

Key Performance Indicators	Last Year F11	Target F12	Actual F12
Public Support for Gambling	56%	56%	59%
Player Awareness of Responsible Gambling	79%	81%	80%
Player Participation	63%	61%	62%
Player Satisfaction	70%	82%	83%

As a result, many BCLC employees and executive received a certain percentage of merit and variable incentive pay on June 29, 2012.

For more information please contact:

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Communications Officer	Sarah Morris	604-228-3097
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Last Edited	July 24, 2012	

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: Jan.8 2013

Minister Responsible: Hon. Rich Coleman

Electronic 50/50 systems

SUGGESTED RESPONSES:

- The Gaming Policy and Enforcement Branch (GPEB) makes every effort to keep pace with the rapidly evolving gaming industry.
- Electronic 50/50 ticketing systems are relatively new in B.C.; only three gaming licensees have used them to date.
- We are currently developing new standards for approving these systems, including mandating certification of this equipment prior to use.
- The branch instructed the three affected charities to suspend the use of this technology until it is properly tested, approved and certified.
- The Bump 50/50 system has been certified and the 50/50 Central is making arrangements to get certified.

GPEB Audits

- To help ensure the integrity of licensed gaming activities in B.C., GPEB regularly conducts audits of gaming licence recipients.
- Canucks for Kids, the BC Lions and the Kamloops Blazers all have long histories of compliance with GPEB.

Electronic 50/50 systems

- Electronic 50/50 systems are used to sell 50/50 tickets through mobile equipment (i.e., tablets), replacing the coils of printed tear-off tickets, which would otherwise be handled by volunteers.
- These systems do not determine the outcome of the draw, which is still conducted manually.

BACKGROUND:

Bump 50/50 and *50/50 Central* are two electronic systems used by charities raising funds through 50/50 draws. **Canucks for Kids Fund**, a B.C. charity that raises awareness and funds to support children's health and wellness, **uses *Bump 50/50***; **the BC Lions and the Kamloops Blazers use *50/50 Central***. All three organizations are long-time recipients of GPEB charitable gaming licences.

Electronic 50/50 systems are only used to sell and print electronic tickets. They neither generate numbers, nor are in any way involved in determining the winners. For this reason, up till this point, GPEB had not previously required the equipment and software to be certified, and the companies providing the technology did not need to be registered. They were considered "point of sale" equipment.

In August, 2012, Canucks for Kids informed GPEB that there was a technical issue using *Bump 50/50* equipment on April, 2012. As a result of the situation with *Bump 50/50*, GPEB monitored the BC Lions' use of *50/50 Central*, to check the reliability of that system. Auditors have attended two BC Lions games where the system was being used.

Unfortunately, there were technical issues in both these instances. At the second game, there were significant problems with the technology (e.g., at least one ticket was printed with more than one number). Auditors also found that operators were not following the same procedures while using the equipment, which contributed to the technical difficulties.

Given these incidents, GPEB informed all three charities that they must suspend use of this technology and revert to manual systems, until the electronic versions are tested by a GPEB-approved independent test lab, and certified as acceptable. *Bump 50/50* has passed its certification, and *50/50 Central* is making arrangements for undergo testing.

GPEB is now working on developing technology standards for approving electronic 50/50 technology used by gaming licence holders. In addition, the Branch will likely add two new requirements to all applicable Terms and Conditions for Charitable Gaming Licences:

1. Licensees must *immediately* report to GPEB any failures or irregularities involving electronic 50/50 systems
2. GPEB must approve any electronic 50/50 systems before they can be used by charitable gaming licensees.

Communications Contact: Melissa Peters
Program Area Contact: Suzanne Bell

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ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Energy and Mines

Date: October 25, 2012 Updated Nov. 28, 2012

Minister Responsible: Hon. Rich Coleman

Electronic 50/50 systems

SUGGESTED RESPONSES:

- The Gaming Policy and Enforcement Branch (GPEB) makes every effort to keep pace with a rapidly evolving gaming industry and its related tools.
- Electronic 50/50 ticketing systems are relatively new in B.C.; only three gaming licensees have used them to date.
- GPEB is currently working on new technology standards for approving these systems. The terms and conditions of gaming licences will also be updated, mandating that use any such equipment must first be approved by GPEB.
- In the meantime, GPEB has instructed affected charities to suspend the use of this technology until it can be properly tested, approved and certified.

GPEB Audits

- To help ensure the integrity of licensed gaming activities in B.C., GPEB regularly conducts audits of gaming licence recipients.
- Organizations to be audited are chosen at random, or based on risk assessment—any charitable organization that obtains a licence to conduct a gaming event could be audited at any given time.
- Canucks for Kids, the BC Lions and the Kamloops Blazers all have long histories of compliance with GPEB.

Electronic 50/50 systems

- Electronic 50/50 systems are used to sell 50/50 tickets through mobile equipment (i.e., tablets), replacing the coils of printed tear-off tickets, which would otherwise be handled by volunteers.
- These systems do not determine the outcome of the draw, which is still conducted manually.

BACKGROUND:

Bump 50/50 and *50/50 Central* are two electronic systems used by charities raising funds through 50/50 draws. **Canucks for Kids Fund**, a B.C. charity that raises awareness and funds to support children's health and wellness, **uses *Bump 50/50*; the BC Lions and the Kamloops Blazers use *50/50 Central*.** All three organizations are long-time recipients of GPEB charitable gaming licences.

Electronic 50/50 systems are only used to sell and print electronic tickets. They neither generate numbers, nor are in any way involved in determining the winners. For this reason, up till this point, GPEB had not required the equipment and software to be certified, and the companies providing the technology did not need to be registered. They were considered "point of sale" equipment.

In August, 2012, Canucks for Kids informed GPEB that there was a technical issue using *Bump 50/50* equipment on April, 2012. The glitch involved the system's cellular network being down for an unspecified amount of time during a gaming event. This meant that not all purchased tickets were entered into that particular draw.

GPEB immediately directed Canucks for Kids to stop using *Bump 50/50*, and any further use of this system was suspended until the technology could be fully reviewed. In addition, GPEB will issue a formal letter to the charity, outlining a number of requirements they must fulfill in order to keep their gaming licence.

As a result of the situation with *Bump 50/50*, GPEB has been monitoring the BC Lions' use of *50/50 Central*, to check the reliability of that system. Auditors have attended two BC Lions games where the system was being used. Unfortunately, there were technical issues in both these instances. At the second game, there were significant problems with the technology (e.g., at least one ticket was printed with more than one number). Auditors also found that operators were not following the same procedures while using the equipment, which contributed to the technical difficulties.

Given these incidents, GPEB informed all three charities that they must suspend use of this technology and revert to manual systems, until the electronic versions are tested by a GPEB-approved independent test lab, and certified as acceptable.

ADVICE TO MINISTER

GPEB is now working on developing technology standards for approving electronic 50/50 technology used by gaming licence holders. In addition, the Branch will likely add two new requirements to all applicable Terms and Conditions for Charitable Gaming Licences:

1. Licensees must *immediately* report to GPEB any failures or irregularities involving electronic 50/50 systems
2. GPEB must approve any electronic 50/50 systems before they can be used by charitable gaming licensees.

Chronology of events and GPEB's contact with affected charities and vendors:

Feb. 15:	A routine GPEB inspection of a 50/50 draw conducted by Canucks for Kids, reveals that some tickets jammed in one of the printers. The issue is resolved through technical support.
March 28:	GPEB asks Canucks for Kids Foundation if they have any concerns with the use of <i>Bump 50/50</i> . The charity states there are no concerns.
March -April:	As it becomes clear that electronic 50/50 systems have expanded into more than just "point of sale" systems they were originally introduced as, GPEB begins to look into certification. However, at this point, there is no current North American standard for these types of systems.
April 16:	GPEB auditors request contact information for <i>Bump 50/50</i> and details of external independent reviews of the equipment.
April 21:	Canucks for Kids Foundation provides the information requested on April 16. That evening, a technical issue prevents the printing of several 50/50 tickets sold using <i>Bump 50/50</i> , so that not all tickets sold make it into the draw barrel. Even though it's aware of the issue, the foundation decides to conduct the draw anyway.
May 3:	GPEB follows up on its March 28 conversation with Canucks for Kids regarding whether the charity had any concerns around the use of the <i>Bump 50/50</i> equipment. The foundation does not correct their previous assertion that there were no concerns.
May 20:	The other electronic 50/50 systems vendor, <i>50/50 Central</i> , contacts GPEB regarding corporate registrations.
June 2:	GPEB decides to review the use of all electronic 50/50 technology in use by a B.C. charity. Through Canucks for Kids, GPEB requests documentation on <i>Bump 50/50</i> .
June 8:	GPEB issues audit report to Canucks for Kids on the Feb. 15 inspection.
June 22:	GPEB researches how other Canadian jurisdictions are handling the regulation of electronic 50/50 systems
July 4:	Email contact between GPEB and <i>50/50 Central</i> , regarding their proposed use of their systems for multi-event and multi-location raffles.
Aug. 3:	During a meeting to discuss the logistics of a GPEB IT audit, Canucks for Kids Foundation discloses information about the April 21 issue. GPEB auditors request a formal incident report and a routine IT questionnaire to be completed by August 17. This questionnaire was unrelated to the April 21 incident.
Aug. 9:	Canucks for Kids Foundation informs GPEB that the IT questionnaire has been forwarded to <i>Bump 50/50</i> for completion; GPEB auditors remind the charity to submit an incident report on the April 21 malfunction.
Aug. 16:	GPEB reminds the charity once more that they must submit an incident report as soon as possible.

Bump 50/50 sends GPEB a technical report detailing the April 21 system failure. There is no note of the number of tickets missing from the barrel.

Aug. 21: Canucks for Kids Foundation sends GPEB the requested incident report.

Aug. 28: Canucks for Kids Foundation sends GPEB the completed routine IT questionnaire, which states that the *Bump 50/50* equipment has been running successfully for a year with no identified issues.

Sept. 4: Canucks for Kids Foundation sends the incident report and routine IT questionnaire to GPEB's Certification Director.

Sept. 5: GPEB's Registration and Certification division continues to monitor the situation, and GPEB auditors suggest that the charity amends the response to the routine IT questionnaire (the assertion of "no identified issues" seemed inconsistent with what happened on April 21); GPEB auditors ask the charity why it took so long for them to report the incident in the first place. The response is that "they wanted to fix the issue first."

Sept. 7: GPEB auditors meet with Canucks for Kids Foundation in Vancouver. The charity states they believe over 20,000 tickets [out of 85,000 sold] failed to make it into the barrel.

Sept. 8: GPEB attends a B.C. Lions game to monitor the performance of *50/50 Central*. The system fails due to an IP address conflict and tickets have to be sold from fixed stations (i.e., not wirelessly, but still electronically). Draw integrity was preserved because hard-wired terminals were used.

Sept. 14: As requested on Sept. 5, Canucks for Kids Foundation provides GPEB with a revised technical report from *Bump 50/50*. This revised report reveals that 43,333 tickets did not make it into the draw barrel on April 21.

Sept. 21: GPEB meets with Canucks for Kids Foundation in person and directs them to disclose the April 21 issue. It is determined that the charity must make this disclosure before the next Canucks game.

Sept. 28: In a conference call, it is determined that the disclosure will come in the shape of a letter sent to season's ticket holders and posted on the foundation's website. The foundation states the need to consult with their board of directors.

Oct. 6: GPEB auditors attend Kamloops Blazers game to monitor their draw, and found no issues of concern.

Oct. 16-18: GPEB is in contact with *Bump 50/50* and our independent testing labs to coordinate the dates and scope for testing. Testing is tentatively scheduled for Oct. 29-30.

Mid-Oct: Canucks for Kids consults with their board of directors

Oct. 17 : Canucks for Kids shares with GPEB the first draft of their disclosure letter. GPEB requests some edits.

Oct. 19: GPEB attends the B.C. Lions game to monitor the *50/50* draw (conducted using *50/50 Central*). As part of this process, auditors take the barrel to count the stubs. Some technical anomalies are also detected during this inspection. Significant human error was also noted.

Oct. 20-24: Constant communication between GPEB and *50/50 Central* regarding the Oct. 19 draw.

Oct.23: GPEB requests clarification from the foundation about a suggestion that they made, to do with providing free tickets as compensation to participants in the previous draw. It becomes clear that this is not a suitable option.

Oct. 25: GPEB emails licensees, directing them to suspend use of electronic *50/50* systems until further notice; *50/50 Central* contacts GPEB's Certification director in relation to this, and is directed to liaise directly with GPEB's executive director of Licensing.

ADVICE TO MINISTER

- Oct. 26:** *50/50 Central* contacts GPEB Licensing by phone and email to learn more about GPEB's direction to suspend all use of electronic 50/50 systems by B.C. charities.
- Oct. 28-29:** Representatives from GPEB, Canucks for Kids Foundation and *Bump 50/50* attended and observed independent testing of the system.
- Oct. 29:** GPEB provides feedback to CFKF by phone.
- Oct. 31:** *50/50 Central* follows up with GPEB, requesting contact info for "key GPEB contacts," a formal letter explaining the rationale for suspending use of electronic 50/50 systems and how it is not limited to *50/50 Central* products/clients, and information on when the systems are expected to be allowed again.
- Nov. 6:** Canucks for Kids advises GPEB that it has been contacted by the media.
- Nov. 8:** *50/50 Central* contacts GPEB, stating that they have been contacted by the independent test lab (GLI) to conduct testing.
- Nov. 9:** GPEB receives test lab results of the *Bump 50/50* system, informing that re-testing will be required.
50/50 Central emails GPEB stating that they have not received the letter requested on Oct. 31.
- Nov. 10:** GPEB responds to *50/50 Central's* concerns, informing them that they will receive a letter shortly and that they are free to respond to media to correct inaccuracies if so desired.
- Nov. 13:** GPEB contacts all three licensees (Canucks, B.C. Lions, Kamloops Blazers) and the two companies involved (*Bump 50/50* and *50/50 Central*), to update them on where testing is at. GPEB also offers this information to Curl B.C., since they have expressed interest in using electronic systems to conduct their charity draws.
- Nov. 14:** GPEB talks to CFKF regarding their letter
- Nov. 15:** GPEB emails *Bump 50/50* proposing a new baseline testing date (first week of December)
- Nov. 26:** GPEB shares a draft inspection report with B.C. Lions, detailing a number of identified printer-related issues.
GPEB also shares a draft inspection report with the Kamloops Blazers. This report does not identify any issues related to *50/50 Central*.
- Dec. 6:** GPEB receives draft letter from CFKF.
- Dec. 11:** GPEB and CFKF meet by telephone and agreed that the finalized letter would be emailed to Canucks seasons' ticket holders, and be placed on their website in the News section. After one week, the letter would remain on the 50/50 page until after the first Canuck game of the season.
- Dec. 19:** GPEB advises CFKF that the *Bump 50/50* system is certified for use.
- Jan. 8:** Hockey season is declared and CFKF advises GPEB that it intends to post the letter on its website and send it on Jan. 10.

Pages 34 through 39 redacted for the following reasons:

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ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Finance

Date: June 13, 2013

Minister Responsible: Hon. Mike de Jong

Horse Race Jockey Suspended

SUGGESTED RESPONSES:

- Jockey Fernando Perez was taken off all his mounts at Hastings Racecourse on Friday and suspended indefinitely, pending an investigation by the Province's Gaming Policy Enforcement Branch.
- Because the matter is under investigation, I am not in a position to comment further.
- Horse racing in B.C. is regulated by the Gaming Policy and Enforcement Branch. The Branch develops fair and appropriate rules, provides effective management of racing events, and licenses participants in the horse racing industry.

BACKGROUND:

On June 12, 2013, GPEB suspended leading Hastings Race Course jockey Fernando PEREZ pending the completion of a GPEB investigation. PEREZ is currently a top jockey at Hastings Park.

On June 9, 2013, Perez

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The alleged events took place

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Perez's alleged actions were

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The issue was reported to Vancouver City Police but it is believed there is no active investigation.

GPEB's investigation is ongoing.

The suspension was posted on the internet by the Daily Racing Form of Hastings Race Track, as follows:

Jockey Fernando Perez was taken off all his mounts at Hastings on Friday and suspended indefinitely, pending an investigation by the Gaming Policy Enforcement Branch of British Columbia. In the ruling issued by the GPEB on Wednesday morning, there wasn't any indication for the reason for the investigation. The stewards at Hastings would not comment.

Perez won the last four races at Hastings on Sunday and currently sits tied with Richard Hamel for third in the jockey standings with 17 wins.

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

**PREPARED FOR: Minister Shirley Bond
FOR INFORMATION**

ISSUE:

Revenue sharing formula for local governments that host gaming facilities

BACKGROUND:

- In June 1999, the Province and the Union of British Columbia Municipalities (UBCM) signed a Memorandum of Agreement (MOA), which outlined how casino gaming revenues would be shared with local governments that host gaming facilities.
- Revenue sharing agreements are set out in signed contracts between the Province and host local governments/First Nations.
- Host local governments can use this revenue for any purpose of benefit to the local community. They are required to report annually to the Province regarding the expenditure of these funds.
- Under these contracts, there are two revenue sharing models:
 - Community casino model - host local governments receive 10 percent of the net casino gaming revenue from any community casinos and/or community gaming centres within their jurisdiction.
 - Destination casino model - host local governments receive one-sixth of net casino gaming revenue from destination casinos within their jurisdiction.
- In 2007/08, negotiations with two (of three) local governments hosting destination casinos resulted those municipalities adopting the community casino revenue sharing model (10 percent), in exchange for increased funding for infrastructure projects supporting those casinos.
- Similar discussions have been underway with the third community, the Ktunaxa Tribal Council, regarding Casino of the Rockies (Cranbrook), which still operates under the destination casino revenue sharing model.
- In only one instance has a local government agreed to share casino revenues with neighbouring communities. Prior to the View Royal casino opening in 2002, the City of View Royal signed a revenue sharing agreement with Langford, Colwood, Metchosin, Esquimalt, Sooke and the Highlands. The Province is not a signatory to that agreement.
- That agreement, which is based on regional population, provides for the following distribution of net revenue: View Royal receives the host local government casino revenue and retains 40%. View Royal then distributes the remaining funds based on the following formula: Langford 36.09%; Colwood 19.90%; Metchosin 6.14%; Esquimalt 21.13%; Sooke 14.09%; and Highlands 2.65%.

DISCUSSION:

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- Under the *Gaming Control Act*, decisions regarding the location of gaming facilities in British Columbia are solely the responsibility of the British Columbia Lottery Corporation (BCLC), which uses market-based analyses to make those decisions.

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- The issue of revenue sharing amongst municipalities adjacent to host local governments has been raised from time to time over the last decade.
- The ministry's position has been that the MOA with UBCM is still in effect, as are revenue sharing contracts that have been signed with 32 local governments and First Nations across the province.
- Revisiting the revenue sharing model would be a significant and complex undertaking. It is a potentially divisive issue, and it is expected that reaching consensus among municipalities would be a challenge.

Prepared by:

Sue Birge
Executive Director, Policy
Gaming Policy and Enforcement Branch
250 881-2206

Approved by:

Douglas S. Scott
ADM
Gaming Policy and Enforcement Branch
250 508-7802

Attachment

ADVICE TO MINISTER
CONFIDENTIAL

<p>CONFIDENTIAL ISSUES NOTE</p> <p>British Columbia Lottery Corporation</p> <p>Date: May 9, 2013</p> <p>Minister Responsible: Rich Coleman</p>	<p>GameSense brand licensed to Saskatchewan Gaming Corporation</p>
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SUGGESTED RESPONSE:

- **We launched GameSense in 2009 as a new way to present responsible gambling messages to players, staff and the public.**
- **Other gambling jurisdictions in Canada have recognized the benefits of the brand, so we've licensed GameSense and are sharing the full suite of GameSense promotional materials with other jurisdictions that want to adopt the program.**
- **BCLC grants licenses to other provinces free of charge, but we expect to realize cost savings down the road when multiple jurisdictions share the future production costs.**

BACKGROUND:

On May 6, the Saskatchewan Gaming Corporation announced through a news release that they have adopted BCLC's GameSense brand in that province:
<http://www.gov.sk.ca/news?newsId=7ffba81c-e076-48a9-a26b-1547453edee2>. The announcement coincides with SaskGaming's Responsible Gambling Awareness Week.

BCLC has licensed the brand and is sharing a full suite of GameSense promotional materials (eg: posters, brochures) with other jurisdictions that want to adopt the successful RG program. So far, licensing agreements are in place with Saskatchewan and Manitoba (through PlayNow.com only).

BCLC owns the GameSense brand and grants licenses to other provinces free of charge. Other provinces that use our trademarked/copyrighted materials must pay to rebrand the materials with their own logos and provincial details. It's also expected future production costs (GameSense ads, infomercials) will be cost shared wherever possible.

The licensing agreement includes the following details:

- **GameSense as a branded program is owned by BCLC and only used by other jurisdictions under *licencing* agreements with BCLC.**
- **GameSense is to be presented as a program of the appropriate licensed jurisdiction. Therefore a jurisdiction's logo should be included in GameSense materials.**

**ADVICE TO MINISTER
CONFIDENTIAL**

- BCLC owns current materials and associated working files but willingly shares these with other licenced jurisdictions.
- Where BCLC does not own the working files, BCLC willingly facilitates required adaptation of such files for the requesting jurisdiction.
- Costs for new production is shared whenever possible.

GameSense is BCLC's responsible gambling program, designed to give players the information they need to play responsibly and connect them to available resources if they feel they need help with their gambling.

For more information, please contact:

Laura Piva-Babcock

Manager, Issues Management & Media Relations

Direct: (250) 828-5576 Cell: (250) 371-7274

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**FEDERAL/PROVINCIAL/TERRITORIAL (FPT) MEETING OF
MINISTERS RESPONSIBLE FOR JUSTICE**

**Regina, Saskatchewan
October 30 – November 1, 2012**

AGENDA TOPIC: *Criminal Code – Modernization of Gaming Provisions*

ISSUE: The Federal/Provincial/Territorial Coordinating Committee of Senior Officials (CCSO) Internet Gambling Working Group – Update

MINISTRY'S SUGGESTED RESPONSE:

- We understand progress continues to be made by the CCSO Working Group in its examination of issues related to online gambling, including modernizing the gaming provisions of the Criminal Code.
- We welcome the opportunity to have this discussion at the national level, so that all jurisdictions can participate in formulating an effective and consistent regulatory framework for gambling in Canada.
- B.C. feels strongly that the gambling provisions of the Criminal Code need to be modernized, and supports the ongoing work of the sub-group on legislation.

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BACKGROUND:

- In January 2007, F/P/T Deputy Ministers responsible for Justice mandated the creation of a CCSO Working Group to explore issues related to internet gambling.
- In November 2007, F/P/T Ministers responsible for Justice ratified expanding the Group's mandate to explore additional issues related to internet gambling, including, but not limited to modernizing the Criminal Code; options to address internet gambling; enabling limited use of the internet for charitable licensed gaming events; and First Nation gaming interests.
- The object of the Working Group is to provide information, analysis and recommendations to the CCSO main table on the mandated issues.

- The Working Group had its first meeting on August 13, 2007. The most recent meeting took place on April 15, 2012. B.C. was not able to attend that meeting.
- The meetings, chaired by Justice Canada, include representatives from British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia, as well as representatives from the Ontario Provincial Police and the Canadian Pari-Mutuel Agency.
- Key areas of focus for the Working Group are:
 - Modernizing outdated and unclear gaming language in the Criminal Code.
 - Examining options to address internet gambling, including looking at models used in other jurisdictions. Since B.C. and Quebec are now operating online gambling, and other Canadian provinces have expressed interest in becoming involved, s16
 - The Working Group is looking at amendments to the Criminal Code that would allow charities limited use of the internet to process ticket payments. s16
 - s16
 - Ontario is proposing amendments to the Criminal Code to allow sports pool betting on single sporting events. Currently the Code only allows sports pool betting on multiple sporting events.
 - The Working Group has been looking at legislation from other countries that make it illegal for banks and credit card companies to process online gambling transactions for illegal internet sites.
 - s16
 - Discussion continues on a range of First Nations gaming issues, as many First Nations are not satisfied with current options available to them. s16
 - s16
- The next meeting of the Working Group is scheduled for November 26, 2012, in Quebec City, Quebec. B.C. will join the all-day meeting by teleconference.

POSITIONS OF OTHER JURISDICTIONS:

- All jurisdictions support the need to modernize the gaming provisions of the Criminal Code. s16
- The majority of jurisdictions support Criminal Code amendments that would allow single event sports pool betting, with limitations in place to mitigate potential risks.

- All jurisdictions support amendments to the Criminal Code to allow charities limited use of the Internet for fundraising purposes.

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- If any new forms of gaming are introduced, such as single sports pool betting or the regulation of private Internet gambling sites,

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IMPLICATIONS FOR BC:

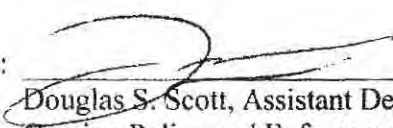
- B.C.'s participation in the Working Group ensures that BC's interests are reflected in any proposed amendments to the gaming provisions of the federal Criminal Code.

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Prepared by: Michele Jaggi-Smith, A/Director
Gaming Policy and Enforcement Branch
Ministry of Energy, Mines and Natural Gas

Telephone: 250 387-0201
Date: October 7, 2012

Approved by:


Douglas S. Scott, Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Energy, Mines and Natural Gas

Telephone: 250 953-4482
Date: October 9, 2012

MINISTRY OF ABORIGINAL RELATIONS
AND RECONCILIATION
BRIEFING NOTE

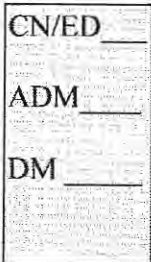
File: 280-20

Date: November 6, 2012
Ref. No. 30818

I Prepared for the **INFORMATION** of Honourable Ida Chong, Minister

II ISSUE:

Information on provincial policy and First Nations interests regarding gaming



III BACKGROUND:

Gaming has been a longstanding topic of interest for First Nations. Citing “existing Aboriginal and treaty rights” affirmed by section 35(1) of the *Constitution Act, 1982*, many First Nations assert that British Columbia does not have exclusive jurisdiction over gaming activities in the Province. Advocates of this position maintain that First Nations have a right to conduct and manage gaming, and that the Aboriginal right to self-government gives them the ability to regulate gaming activities on First Nations land. The Province rejects this interpretation. To date, no Canadian court has found evidence to support the notion that commercial gaming or its regulation was an integral part of any First Nation culture prior to contact with Europeans. Moreover, the Province does not accept that section 35(1) of the *Constitution Act, 1982* applies in the case of gaming.

The BC Assembly of First Nations (BCAFN) established the First Nations Gaming Commission in 2010 to press two main issues: jurisdiction over gaming on First Nation lands and the development of a framework for shared gaming revenues with the Province. The BCAFN regards gaming revenue as a key to economic development in urban locales and a potential source of funding for social programs.

s15, s16

IV DISCUSSION:

Jurisdiction for Gaming

BC maintains the position that the provincial government has sole jurisdiction for the regulation, conduct and management of all gaming in BC—an authority which is delegated to the Province under the *Criminal Code*. Under BC’s *Gaming Control Act*, the Province has delegated the management and operation of most commercial

gaming to the BC Lottery Corporation (BCLC). BCLC is responsible for all operating decisions in BC, including the location, relocation or expansion of gaming facilities.

In 1997, the Province conducted a Request for Proposal process to establish new gaming facilities. Several First Nations received approval in principle, but none was able to complete the process due to problems developing business plans or obtaining the required financing. When the current government was first elected in 2001, it introduced a policy prohibiting the establishment of new gaming facilities, including casinos, beyond those already approved. While the BCLC cannot establish new casinos, it may relocate existing facilities to better meet market demand.

Revenue Sharing

BC enters into revenue sharing agreements with host local governments (HLGs)—including First Nations—that host community gaming centers or casinos on reserve lands. Two First Nations are currently HLGs: the Cowichan Tribes in Duncan operates the Chances Cowichan community gaming centre, and the Ktunaxa Nation in Cranbrook co-operates the St. Eugene Golf Resort & Casino. Both First Nations receive payments of 10% of casino revenue, paid quarterly by the province.

BC does not have revenue sharing agreements with First Nations for community gaming centers or casinos hosted by other local governments, nor does BC share with First Nations revenue generated by other forms of gaming in BC, such as lotteries or online gaming. BC is now the only province in Canada without any type of First Nations gaming revenue-sharing agreement in place.

As with other British Columbians, First Nations can become involved in gaming activities as gaming workers or service providers. First Nations who meet eligibility criteria have access to gaming grants which they may use to support community programs. In these activities, and regarding gaming facilities and regulation, First Nations are subject to the same rules and restrictions as all other British Columbians.

V KEY MESSAGING:

Pages 50 through 52 redacted for the following reasons:

s13

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: July 16, 2013

Date Required: July 16, 2013

Initiated by: Cheryl Wenezenki-Yolland
Associate Deputy Minister

Date Prepared: July 16, 2013

Ministry

Contact: Douglas S. Scott, ADM
Gaming Policy Enforcement Branch

Phone Number: (250) 508-7802

Email: douglas.s.scott@gov.bc.ca

330788

TITLE: A Provincial Health Officer report on Gambling in British Columbia

PURPOSE:

☒ (X) FOR INFORMATION

COMMENTS:

Since 1993, the Provincial Health Officer has been required by the *Health Act* to report annually to British Columbians on their health status and on the need for policies and programs that will improve their health.

The Provincial Health Officer will release a report on problem gambling in BC tentatively scheduled for mid-august 2013. The Provincial Health Officer completed a report on provincial alcohol policy in 2002 and 2008.

The Public Health Officer will be meeting with the Minister of Finance and Minister of Health on Monday, July 22 for a joint briefing before the public release.

Executive Director approval: _____

ADM approval: _____

Associate DM approval: _____

DATE PREPARED: July 16, 2013

TITLE: A Provincial Health Officer report titled *"Lower the Stakes: A Public Health Approach to Gambling in British Columbia."*

ISSUE: The report applies a public health perspective to the examination of gambling in BC and offers 16 recommendations.

BACKGROUND:

Dr. Perry Kendall, the Provincial Health Officer (PHO), is releasing a report titled *"Lower the Stakes: A Public Health Approach to Gambling in British Columbia."* tentatively scheduled for mid-August. The PHO consulted with the Associate Deputy Minister, the Assistant Deputy Minister and the program director prior to the upcoming Minister briefing on July 22.

DISCUSSION:

The Provincial Health Officer's 2013 report provides a detailed analysis of the state of the gaming industry in BC, and the government-wide response to associated public health risks.

The body of the report includes complementary observations regarding the innovations and work currently undertaken by the Gaming Policy and Enforcement Branch, Responsible and Problem Gambling program (RPG) as well as other BC Government programs such as Children First Regional Initiative and StrongStart BC. However, the report indicates that more needs to be done to address addictive behaviours including for higher risk segments of the population. The report also points out that programs are only meeting the needs of a fraction of people with moderate or severe gambling problems, noting a low comparative funding level while revenue to the BC Government has increased steadily over the last decade.

The PHO report points to "policy decisions that have resulted in expanded gaming opportunities appear to be increasing rather than decreasing gambling related risk in BC and moving the province away from what has traditionally been a relatively lower risk approach to gambling when compared to some other provinces in Canada." When speaking of gambling expansion, the PHO refers to an increase in more addictive products such as slot machines and internet gambling in comparison to lower risk products such as lottery tickets.

The report is looking for an integrated government approach and offers key findings and sixteen recommendations (see Appendix A for the PHO's recommendations and Appendix B for the full report).

Highlights of the key findings are:

- A large proportion of revenue is derived from problem gamblers;
- BC spends less than any other province on responsible gambling as a percentage of revenue;
- The social and economic costs of problem gambling are difficult to measure, however, are believed to be high;
- Most problematic forms of gambling are casino tables, slots and internet gambling;
- The last 10 years have seen a significant increase in the amount of slots available in the province (Approximately triple); and
- Shortage of data and research related to problem gambling in BC.

TIMELINES:

- A meeting with the Minister of Health is scheduled for July 22, 2013.
- The Provincial Health Officer report is tentatively scheduled for release in mid-August.

ADVICE/RECOMMENDED RESPONSE:

- I thank the Provincial Health officer for his detailed and thoughtful report.
- I am pleased that the report highlights the good and innovative work that we are doing in BC to support those that have difficulty with gambling, and we are committed to using this report to further improve our Responsible and Problem Gambling Program.
- We will take the time to carefully consider all of the recommendations in this report and take action to advance our continued efforts to deliver gaming to the citizens of BC in the most socially responsible manner possible based on the latest evidence.

Appendix A

The Provincial Health Officer's report titled "Lower the Stakes: A Public Health Approach to Reducing Problem Gambling in British Columbia"

The report has the following 16 recommendations:

Prevention

Preventive interventions include screening, early detection, counselling, and other activities to prevent harms from arising or worsening.

The recommendation to prevent unnecessary harms and costs to British Columbians due to problem gambling is as follows:

1. The 2003 PHO report *An Ounce of Prevention* recommended the development and implementation of an evidence-based curriculum running from school entry to graduation as part of a comprehensive school health promotion process. Recognizing that age-appropriate problem gambling prevention programs have been developed by the BC Responsible and Problem Gambling Program, it is recommended that these programs be integrated into health and career curricula with a special emphasis on grades 10 to 12, and that these programs be consistently delivered across school districts.

Health Promotion

Health promotion involves building capacity, knowledge, and resilience within communities, groups, and individuals through addressing the social determinants of health and creating environments in which the healthy choice is the easy choice.

Recommendations to support health promotion related to gambling are as follows:

1. Place signage on all electronic gaming machines in service in British Columbia conveying the risk-rating of that machine, so that consumers can make informed point-of-play choices about the games they choose to play.
2. Improve the capacity of BC Lottery Corporation staff to actively identify and respond to problem gamblers in its venues, including community gaming centres. This could include using information from loyalty card programs to identify problem gamblers, giving training on proper and safe ways for facility staff to intervene, and providing incentives and performance monitoring to encourage staff members to proactively identify problem gamblers.
3. Implement a pilot project to test the efficacy of using brief interventions and motivational enhancement therapy within the FIT and Discovery treatment programs to treat low- and moderate-risk gamblers and cognitive behavioural therapy to treat moderate- and high-risk gamblers, and conduct and publish formal outcome evaluations of these programs.
4. Integrate and formally link problem gambling screening and treatment in the larger mental health and substance use treatment systems managed by the regional health authorities in the province.
5. Review all policies related to processing applications to change gaming availability to ensure appropriate community engagement and self-determination.

Health Protection

Health protection requires development and implementation of strategies that protect people through legislation, regulation, inspection, and enforcement. Health protection recognizes that many of the determinants of health lie outside an individual's sphere of control, and that legislation and policies must recognize the potential for harm and seek to minimize risks to individuals or communities.

Recommendations to protect the health of British Columbians, including non-gamblers and gamblers, are as follows:

1. Require assessment of risk potential, including percentage of revenue that will be generated from problem gamblers, before approving any expansion of gaming or introduction of new gambling products.
2. Reduce the availability of high-risk electronic gaming machines (EGMs) and high-risk gambling offerings on the *PlayNow.com* website. This could involve replacing high-risk EGMs with lower-risk variants or reducing the overall number of EGMs in service.
3. Restrict or reduce access to alcohol in gaming facilities. This could involve reducing the physical availability of alcohol (e.g., reducing hours of service) and reducing the economic availability (e.g., raising prices).
4. Make all future decisions on the expansion of gaming or introduction of new gambling products contingent upon reducing the overall percentage of revenue derived from problem gamblers.
5. Meaningfully involve public health stakeholders in decisions regarding the availability of gaming in BC. This could involve creating an inter-ministerial advisory committee on gaming that must be consulted regarding all future decisions on the expansion of gaming or changes in gaming policy.
6. Allocate at least 1.5 per cent of gaming revenue to responsible and problem gambling initiatives, with set amounts earmarked for prevention, health promotion, and treatment initiatives that meet evidence criteria. This includes monitoring programs and implementing policies that increase the effectiveness of responsible and problem gambling programs.

Assessment and Surveillance

Assessment and surveillance involves monitoring population health status in order to detect, assess, and respond to health-related issues, as well as contributing to determining the effectiveness of public health programs and services. The design and implementation of systems to monitor and assess gambling must take into account the challenges and issues discussed in this report, including the current shortage of data and research needed for a comprehensive public health approach to problem gambling in BC.

Recommendations to support effective assessment and surveillance of gaming in BC are as follows:

1. Develop and implement a comprehensive monitoring system that would routinely and systematically track the economic and social impacts of gambling. At a minimum, this would need to include impacts on the health and quality of life of the population as a whole and on that of vulnerable populations, with attention to health equity concerns.
2. Collect and monitor data to assist local governments and communities to make evidence-based decisions about hosting and/or expanding gaming facilities. This includes (but is not limited to) establishing reliable estimates of the potential revenue derived from local citizens' gambling

compared to tourists', and determination of an optimal blend of gaming revenue derived from local residents and tourists.

3. Engage public health and gambling researchers in developing an evidence-based strategy for BC, funded by the holdbacks from the Voluntary Self-Exclusion Program. The newly created Centre for Gambling Research at the University of British Columbia could provide expert counsel to the government on gambling-related matters and help promote the emergence of a comprehensive, public health-informed approach to gambling policy in BC.
4. Establish and maintain a stable source of funding to support ongoing gambling-related research and evaluation in BC.

**MINISTRY OF HOUSING AND SOCIAL DEVELOPMENT
GAMING POLICY AND ENFORCEMENT BRANCH
INFORMATION NOTE**

PREPARED FOR: The Honourable Rich Coleman, Minister of Housing and Social Development

ISSUE: Request from the Interactive Gaming Council to meet with the Minister to discuss the regulation of online gaming (meeting scheduled for November 4, 2008).

RESPONSE POINTS:

- Under the Criminal Code, with the exception of sanctioned horse race wagering, only provincial governments, or their agents, are authorized to conduct online gaming.
- There is no authority under the Criminal Code for the commercial operation of online gaming by private businesses.
- BC is participating in a Federal/Provincial/Territorial Working Group mandated to formulate a national regulatory model for online gambling in Canada.
- The group is looking at a number of different regulatory models, including one that would enable the private sector to operate Internet gambling under government regulation.
- It is premature at this point to speculate on what recommendations the F/P/T Working Group will eventually make with respect to the regulation of Internet gambling in Canada.
- Any changes to the current regulatory model would require amendments to the federal Criminal Code, as well as the support of provincial jurisdictions.

BACKGROUND:

- The Interactive Gaming Council (IGC), a Vancouver based industry association representing the Internet gambling gaming sector, has requested a meeting with Minister Coleman.
- IGC is advocating for the private sector operation of online gaming under government regulation.
- IGC's proposed model cannot be authorized under the current gaming provisions of the federal Criminal Code.
- IGC has also directly contacted members of the F/P/T Working Group. Those contacted have declined to discuss this issue with the IGC.

Legal Framework

- The federal Criminal Code provides the legal framework for gaming in Canada. The gaming provisions of the Code are very restrictive, particularly with respect to computer use.
- Under section 207(4) of the Criminal Code, gaming operated on or through a computer, such as internet gambling, is prohibited unless:
 - It is operated by provincial governments, or their agents, under section 207(1)(a); or
 - It is an online horse race wagering scheme sanctioned by the provincial jurisdiction and authorized by the Canadian Pari-Mutuel Agency (CPMA) under section 204 of the Code.
- Further, in March 2003, the Supreme Court confirmed provincial governments cannot license or otherwise authorize an individual or organization to operate gaming on or through a computer (PEI Earth Fund Lottery decision).

**MINISTRY OF HOUSING AND SOCIAL DEVELOPMENT
GAMING POLICY AND ENFORCEMENT BRANCH
INFORMATION NOTE**

Authorized Internet Gaming in BC

- In BC, the only authorized forms of Internet gaming are:
 - BCLC's PlayNow website, which offers the online sale of lottery products; and
 - Online horse race wagering authorized by the CPMA.
- GPEB regulates BCLC's online site, and the federal government regulates CPMA authorized online wagering on horse races.
- BCLC does not currently offer casino products, such as poker or slot machine games, on its website, although some lottery products have poker and bingo themes.
- BCLC's online site has stringent residency, age and spending limit controls. It also has responsible gambling safeguards, including a self-exclusion program.

F/T/P Working Group on Internet Gambling

- In January 2007, Deputy Ministers responsible for Justice mandated the creation of a Federal/Provincial/Territorial Working Group to explore issues related to Internet gambling in Canada.
- The main focus of the Working Group is to develop a national approach to the regulation of online gaming in Canada, and recommend associated amendments to the Criminal Code.
- The group is exploring various regulatory frameworks to address internet gambling, including models that:
 - Prohibit all forms of internet gambling (US model);
 - Restrict operations to government bodies (Canada's model); and
 - License, regulate and tax internet gambling (Australia and Britain's model).
- To date, the position of the Province is that provincial governments should retain exclusive right to conduct and manage Internet gaming.
- However, BC is willing to explore other models under consideration by the Working Group.
- The group has met five times since 2007, with the next meeting scheduled for February 2009 in Montreal.

Contact: Derek Sturko, 250 360-6594

Date: October 23, 2008

MINISTRY OF HOUSING AND SOCIAL DEVELOPMENT

MEETING INFORMATION NOTE

DATE: October, 15, 2009

PREPARED FOR: The Honourable Rich Coleman, Minister of Housing and Social Development

MEETING DETAILS: October 20, 2009 meeting with the Interactive Gaming Council (IGC) regarding online gambling. Attendees include: Minister Coleman; Derek Sturko, ADM, GPE; John FitzGerald, CEO, IGC; and, Troy Ross, IGC consultant.

BACKGROUND:

- The Interactive Gaming Council (IGC) is a Vancouver based industry association representing the Internet gaming sector.
- Minister Coleman previously met with the IGC on November 4, 2008.
- IGC is advocating for the private sector operation of online gaming under government regulation.
- The federal Criminal Code only allows provincial governments (or their agents) to conduct online gaming, although they may contract with private sector companies to provide operational services.
- Provincial governments cannot license a non-provincial body to conduct internet gambling.
- B.C. participates in a federal/provincial group working to develop a national strategy on Internet gambling and potential amendments to the gaming provisions of the Criminal Code. One of the amendments being considered (but not widely supported) would allow for the licensing of private sector companies to operate Internet gambling.
- British Columbians currently spend an estimated \$87 million on off-shore, internet gaming websites each year.
- In 2009/10, BCLC is estimating *PlayNow* will generate \$34 million in gross revenue, up from \$23.5 million for 2008/09.

Internet Gambling in Canada - Legal Framework

- Under the current provisions of the Criminal Code:
 - Only provincial governments (or their agents) can conduct, manage and operate Internet gambling;
 - Provincial governments cannot license a non-provincial body to conduct and manage Internet gambling;
- Horse race betting is authorized under separate provisions of the Criminal Code. The Code allows private operators to operate online wagering on horse racing authorized by the CPMA.
- Under the current provisions of the Code, there are only two options for a non-provincial body to operate an Internet gambling site in Canada:
 1. Provincial governments (or their agents) can contract with private sector companies to provide operational services; and/or,

MINISTRY OF HOUSING AND SOCIAL DEVELOPMENT MEETING INFORMATION NOTE

2. Provincial governments can make a private company an agent of the provincial government for the purposes of operating an Internet gambling site.
- The federal and provincial governments, including BC, are currently working to develop a national strategy on Internet gambling and potential amendments to the gaming provisions of the Criminal Code.
- One of the amendments being considered would allow for the licensing of private sector companies to operate Internet gambling.
- To date, the position of the Province is that provincial governments should retain exclusive right to conduct and manage Internet gaming.
- The Group last met February 2009. The next meeting will likely be scheduled for this fall/winter.

Authorized Internet Gaming in BC

- In BC, the only authorized forms of Internet gaming are:
 - BCLC's on-line sale of lottery products; and,
 - Online horse race wagering authorized by the Canadian Pari-Mutuel Agency (CPMA).
- GPEB regulates BCLC's online site, and the federal government regulates CPMA authorized online wagering on horse races.
- When BCLC first launched its *PlayNow* site in October 2004, games were limited to traditional lottery products, such as Lotto 649, Super 7 and other products available at lottery retail outlets.
- Interactive games have been gradually introduced over time; public opposition has been minimal to date.
- BCLC's online site has stringent residency, age and spending limit controls. It also has responsible gambling safeguards, including a self-exclusion program.
- Other than BC, the Atlantic Provinces (through the Atlantic Lottery Corporation) are the only other jurisdictions in Canada to offer lottery products online.

RECOMMENDED RESPONSE:

- Under the Criminal Code, with the exception of sanctioned horse race wagering, only provincial governments, or their agents, are authorized to conduct online gaming.
- There is no authority under the Criminal Code for the commercial operation of online gaming by private businesses.
- BC is participating in a Federal/Provincial/Territorial Working Group mandated to formulate a national regulatory model for online gambling in Canada.
- The group is looking at a number of different regulatory models, including one that would enable the private sector to operate Internet gambling under government regulation.
- It is premature at this point to speculate on what recommendations the F/P/T Working Group will eventually make with respect to the regulation of Internet gambling in Canada.
- Any changes to the current regulatory model would require amendments to the federal Criminal Code, as well as the support of provincial jurisdictions.

Pages 63 through 72 redacted for the following reasons:

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**MINISTRY OF ENERGY, MINES AND NATURAL GAS
AND RESPONSIBLE FOR HOUSING
INFORMATION NOTE**

DATE: June 4, 2013

PREPARED FOR: Lori Wanamaker, Deputy Minister

ISSUE: Updates to the Gaming Policy and Enforcement Branch (GPEB)
Annual Report 2011/12

BACKGROUND:

Shortly after the hard copy was printed and the web version was posted, GPEB noticed a typographical error in its Annual Report 2011/12. GPEB corrected this error, along with others that were discovered upon further checking. Updated versions of the Annual Report 2011/12 have been posted to the web and distributed to those who received the original version.

DISCUSSION:

The first error was a dollar figure located in Table 10 (Column: 2010/11, Row: Total). The figure \$135.4 was incorrect; \$135.0 is correct.

As described in the attached Addendum to GPEB Annual Report 2011/12, a few other errors were corrected.

CONCLUSION:

The errors were corrected promptly and updated versions were distributed to those who received the original versions, including the Minister's Office, the Deputy Minister's office, Government Communications and Public Engagement and the legislative library.


Enclosures/Attachments

- Addendum to GPEB Annual Report 2011/12.

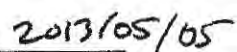
Prepared by:
RICK CAULFIELD
Policy Analyst
Gaming Policy and Enforcement Branch
250-387-3948

Reviewed By:
DOUGLAS S. SCOTT
Assistant Deputy Minister
Gaming Policy and Enforcement

Initial:



Date:



Cliff#: 493645
Version #: 1
Updated:

Page 1 of 1

**MINISTRY OF ENERGY, MINES AND NATURAL GAS
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable Rich Coleman,
Minister of Energy, Mines and Natural Gas
FOR DECISION

TOPIC: Request for Proclamation of Responsible Gambling Month.

EXECUTIVE SUMMARY:

- The British Columbia Lottery Corporation (BCLC) will host a Responsible Gambling Awareness week in 5 communities during the month of January 2013 - Vernon, Kamloops, Prince George, Langley and the Western Communities (View Royal, Langford and Colwood).
- BCLC and the Responsible & Problem Gambling Program, Gaming Policy and Enforcement Branch (GPEB) will partner closely throughout the event with GPEB providing services in-kind such as prevention service providers, responsible gambling service providers (Gamesense Advisors) and promotion materials to educate the public about responsible gambling and information on how to access support and treatment for problem gambling.
- The objective is to raise public awareness and understanding of responsible gambling practices and to connect people to community resources and services for problem gambling support and treatment
- This event will build on the successful Gambling Awareness Week held in Vernon in January 2012.

Proposed Dates:

January 6-12:	City of Langley and Township
January 6-12:	Western Communities (View Royal, Langford and Colwood)
January 13- 19:	Kamloops and Vernon
January 20-26:	Prince George

BACKGROUND:

- BCLC has requested that January 2013 be proclaimed Responsible Gambling Awareness Month to coincide and support the Responsible Gambling Awareness week in 5 communities during the month of January 2013.
- A provincial proclamation is a symbolic recognition by government of events or occasions to be acknowledged by specific groups or the general public in British Columbia. A proclamation is achieved through an Order-in-Council signed by the Minister and the Attorney General (approval is required each time an event or occasion occurs, which is to say a proclamation cannot be issued in perpetuity for recurring events).

- BC has not issued a Responsible Gambling Awareness proclamation before.

DISCUSSION:

- The Responsible and Problem Gambling program, GPEB and BCLC will collaborate in hosting the Gambling Awareness event and will sponsor five responsible gambling weeks, each week to be hosted by a different municipality: Kamloops, Prince George, Vernon, Langley and the Victoria region's Western Communities (View Royal, Langford and Colwood). The MLAs who represent these five communities will be invited to participate in a Responsible Gambling Awareness event, if possible.
- This event will culminate in BCLC's first New Horizons in Responsible Gambling conference in Vancouver, January 28-30, 2013 which will feature an international lineup of expert presenters and attendees.
- The proclamation of Responsible Gambling Awareness Month would support GPEB and BCLC's efforts in raising awareness and communication of responsible gambling practices and information and services available for both responsible gambling awareness and problem gambling support and treatment.

RECOMMENDATION:

- Declare January 2013 as Responsible Gambling Awareness Month.

APPROVED / NOT APPROVED

DATE:

Honourable Rich Coleman
Minister of Energy, Mines and Natural Gas

Approved by:
Douglas S. Scott
Assistant Deputy Minister, GPEB

Reviewed by:
Suzanne Bell
Executive Director, GPEB

Prepared by:
Michele Jaggi-Smith
A/Director, GPEB

Attachment: Draft Proclamation of Responsible Gambling Awareness Month

**MINISTRY OF ENERGY AND MINES
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

TOPIC: Responsible and Problem Gambling Program Deficit

PURPOSE OF NOTE:

- ONLY FOR THE INFORMATION OF: Minister Rich Coleman
- MEETING REQUIRED: Yes

ISSUE:

The Responsible and Problem Gambling (RPG) program has been operating with a structural deficit since 2008/2009 when its budget was reduced by \$2.38M. The Gaming Policy and Enforcement Branch (GPEB) continued to deliver responsible gambling services – offsetting the RPG program pressures in other areas of the Branch. For Fiscal 2011/12, the RPG program had a deficit of \$1.25M with GPEB managing most of the deficit internally with the exception of \$518,000. Treasury Board granted \$500,000 to GPEB for this fiscal noting that contingency funding will not be available in 2012/13.

Responsible and Problem Gambling Program:

- The table below indicates the budget for the Responsible and Problem Gambling Program:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Deficit</u>
2007/08	\$7.00M	\$5.37M	
2008/09	\$7.00M	\$5.38M	
2009/10	\$4.62M	\$5.14M	<\$520,000
2010/11	\$4.46M	\$5.33M	<\$870,000
2011/12	\$4.45M	\$5.70M	<\$1,256,505

- The high profile nature of gambling in the province, and the significant revenues derived from gambling, requires that core problem gambling programs and services are available to British Columbians. Government has publicly committed that counselling services for gambling would be available to everyone who needs them, without waitlists.
- The budget loss of \$2.38 million to the RPG program in 2009/10 meant the program could maintain only minimal staff and contractors in both the prevention and clinical streams. No budget was available for research or public information campaigns. Maintaining this level of service meant incurring a deficit by GPEB.
- In 2011/12, GPEB incurred a number of above-budget costs including delivery of the Responsible and Problem Gambling Program, absorption of decentralized IT costs, banking charges, and a 6.5% reduction to salary and benefit accounts. In total, these pressures amounted to nearly \$2.25m. Through vacancy management, a reduction to responsible

gambling contractor hours, and a freeze on 15 approved new FTE hires, the branch was able to reduce this pressure to an estimated \$0.52m for the fiscal year.

- Managing the RPG program deficit has meant restricting other GPEB operations. In anticipation of no contingency funding in future years, GPEB will make a request to Treasury Board through the Minister of Energy and Mines for new funding to cover the RPG program's structural deficit and funds to enhance and strengthen the program.

PREPARED BY: Michele Jaggi-Smith
250 387 0201

Date: April 13, 2012

Approved by: Douglas S. Scott
Assistant Deputy Minister

Date: April 13, 2012

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: August 1, 2013
Date Required: August 2, 2013

Initiated by: Cheryl Wenezenki-Yolland
Associate Deputy Minister

Date Prepared: August 2, 2013

Ministry Contact: Douglas S. Scott
ADM, GPEB

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331065

TITLE: Gaming Policy and Enforcement Branch (GPEB) Enforcement Actions
for Electronic 50/50 Raffles

PURPOSE:

(X) FOR INFORMATION

Recommended Response:

- The Province regulates commercial and licensed gambling to ensure gambling in BC is conducted fairly and responsibly.
- The Province is adapting to new developments in technology by reforming regulations and standards as required.
- It is now required that electronic 50/50 raffle equipment and software be certified by the Province before it is used. The companies must also be registered.
- The Province's Gaming Policy and Enforcement Branch worked with the two electronic raffle companies to ensure that the raffle equipment and process provide a fair outcome in electronic 50/50 raffles.
- More information about 50/50 ticket raffle systems can be found on the Province's website at www.gaming.gov.bc.ca.

If Asked

- The Canucks for Kids Fund charity and the BC Lions Community Fundraising group co-operated fully with the Gaming Policy and Enforcement Branch. Timing for public notification was planned for the beginning of the hockey season in September, to ensure the public had timely awareness of the matter. Due to the NHL lockout in fall 2012, the notification to the public took place in January 2013. At no time was there any risk to the public, since these systems were not in use.

BACKGROUND:**The Technology**

- "Bump 50:50" and "Pointstreak 5050" are the two electronic systems used by BC charities raising funds through 50/50 draws (paper tickets are still used at many events).
- The electronic systems are used only to sell and print tickets. They are not involved in determining the winning number, nor do they pay out directly to the player. As a result, GPEB originally considered the equipment and software to be point-of-sale equipment that did not require certification. Similarly, it was determined the companies providing the technology did not need to be registered.

Issue and Resolution

- GPEB is undertaking proactive disclosure of enforcement actions consistent with Government's priority of Open information. Included in this proactive disclosure, is a regulatory response to problems associated to electronic 50/50 systems in 2012/13, which may receive some media interest.
- In August 2012, GPEB became aware of a failure of the 50/50 system used by the Canucks for Kids Fund (CFKF) during the last game of the Stanley Cup (April 22, 2012).
- CFKF estimated 10,000 tickets were not printed into the barrel for the draw, however, still decided to run the draw.
- GPEB suspended the use of the "Bump 50:50" system and undertook an investigation of all 50/50 systems used in BC.
- The investigation determined that the other 50/50 system used in BC ("Pointstreak 5050") also had issues of concern. In September 2012, use of all systems in BC was suspended pending certification of the equipment, and registration of the supplying corporations with GPEB.
- The investigation further determined that over 43,000 tickets were missing from the barrel during the CFKF raffle of April 22.
- The equipment for both "Bump 50:50" and "Pointstreak 5050" has been tested, adjusted and now certified for use and both companies have been registered.
- CFKF was issued a warning for failing to report the incident in a timely manner as required by their gaming license.
- CFKF was further required to make public notification of the system failure before holding another 50/50 raffle. This disclosure was made by way of an open letter posted on the front page of the Vancouver Canucks Website under news items. The open letter was also sent out in the season ticket holder/fan news letter (by link to their website) immediately preceding the first game of the season.
- Both systems are now operational in BC and continue to be under close scrutiny by GPEB.