

Gotto, Sarah F FIN:EX

From: Vear, Maureen FIN:EX on behalf of Mazure, John C FIN:EX
Sent: Wednesday, March 15, 2017 11:58 AM
To: Obee, Sarah F FIN:EX
Subject: RE: Overview of unregulated online gambling market -

Sarah:

Please reach out when you have a moment so we can set the date for this.

Thanks

-----Original Appointment-----

From: Obee, Sarah F FIN:EX **On Behalf Of** Wenezenki-Yolland, Cheryl FIN:EX
Sent: Wednesday, March 15, 2017 11:19 AM
To: Vear, Maureen FIN:EX
Subject: Declined: Overview of unregulated online gambling market -
When: Wednesday, March 15, 2017 1:00 PM-3:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: GPEB - 910 Government Street - Donna Hawkins Boardroom

Gotto, Sarah F FIN:EX

From: Mazure, John C FIN:EX
Sent: Wednesday, March 15, 2017 12:06 PM
To: Obee, Sarah F FIN:EX
Subject: Re: Overview of unregulated online gambling market -

You're welcome. I think it best that we have sufficient time to do a proper presentation in one sitting.

Sent from my iPhone

On Mar 15, 2017, at 12:00 PM, Obee, Sarah F FIN:EX <Sarah.Obee@gov.bc.ca> wrote:

Hello I have reached out to Maureen and asked that we re book asap.

Thank you John.

From: Vear, Maureen FIN:EX **On Behalf Of** Mazure, John C FIN:EX
Sent: Wednesday, March 15, 2017 11:58 AM
To: Obee, Sarah F FIN:EX
Subject: RE: Overview of unregulated online gambling market -

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Where: GPEB - 910 Government Street - Donna Hawkins Boardroom

Gotto, Sarah F FIN:EX

From: Wenezenki-Yolland, Cheryl FIN:EX
Sent: Thursday, April 13, 2017 3:10 PM
To: Obee, Sarah F FIN:EX
Subject: Re: Seeking direction - Overview of Unregulated Online Gambling Market meeting

The 24th is good

Sent from my iPad

On Apr 13, 2017, at 2:35 PM, Obee, Sarah F FIN:EX <Sarah.Obee@gov.bc.ca> wrote:

Hello.

With reference to your request to have this presentation next week. GPEB has informed me that the lead presenter is s.22 (Jeff Henderson) and it would be most beneficial to have him present for the presentation.

Jeff is available the week of the 24th and the best options are:

Monday, April 24th = Jeff and John available

Friday, April 28th – Jeff, John and Michele JS available.

I understand that both John and Michele would like to be part of the conversation at the end of the presentation but the first date available for that is the Friday.

Are you ok with having it that far out as I know you were hoping to have it sooner.

I think for a fulsome decision they are hoping all to be present.

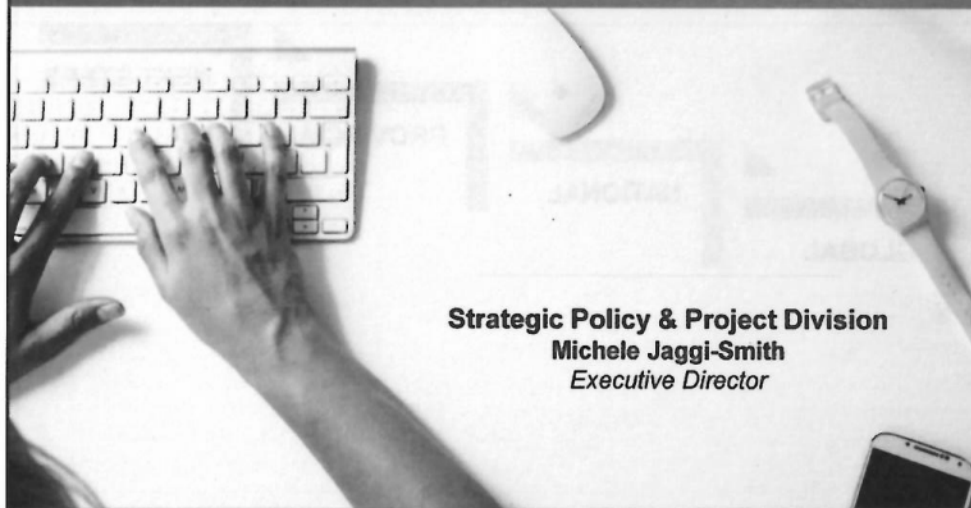
Thoughts?

Sarah Obee
Senior Executive Assistant to
Cheryl Wenezenki-Yolland
Associate Deputy Minister & Chief Records Officer
Ministry of Finance
Office 250 387 8499
Mobile 250 480 9086

Olson, Lianna FIN:EX

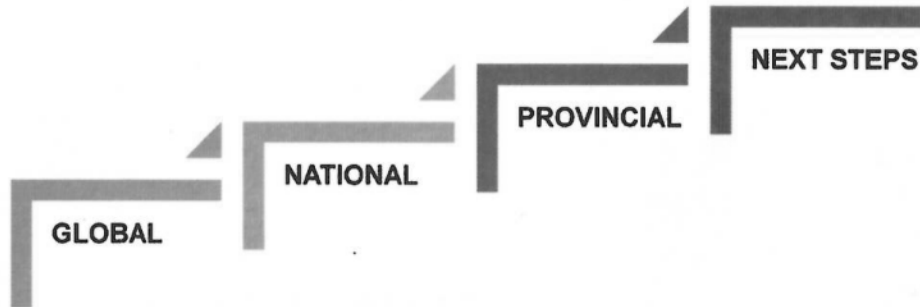
Subject: Overview of unregulated online gambling market
Location: GPEB R Donna Hawkins Boardroom GPEB:EX - call Maureen @ 250-387-1307 or Marie @ 250-952-6652 upon arrival
Start: Tue 2017-05-02 9:00 AM
End: Tue 2017-05-02 11:30 AM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Mazure, John C FIN:EX
Required Attendees: Wenezenki-Yolland, Cheryl FIN:EX; Jaggi-Smith, Michele FIN:EX; Hazel, Jillian FIN:EX; DeMott, Rachel FIN:EX; Henderson, Jeff FIN:EX

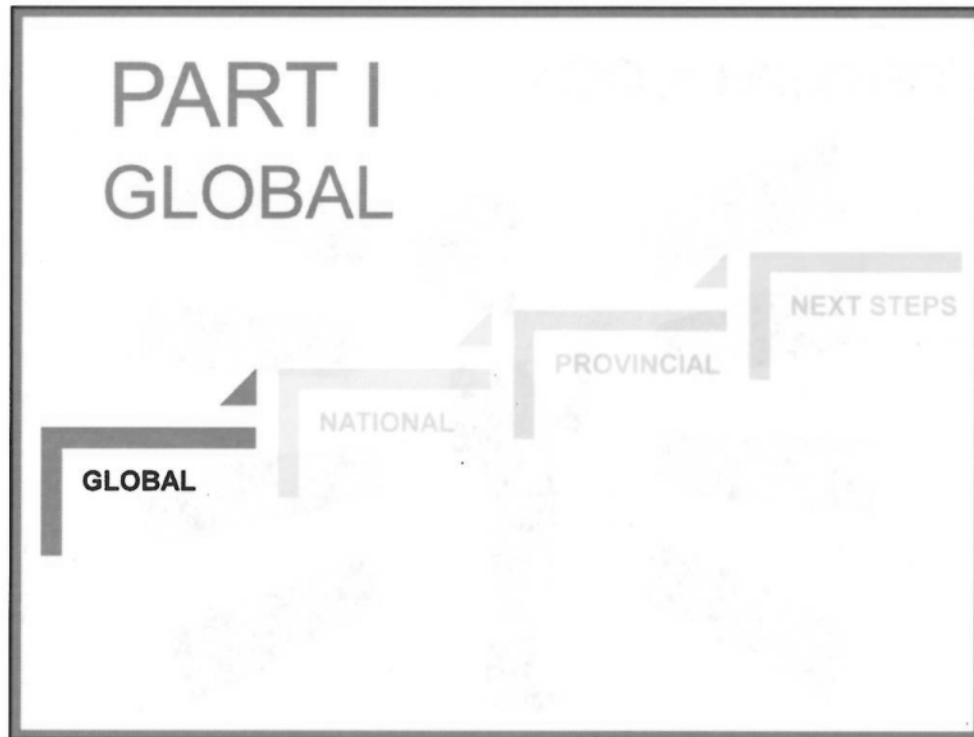
UNREGULATED ONLINE GAMBLING



Strategic Policy & Project Division
Michele Jaggi-Smith
Executive Director

PRESENTATION OUTLINE





Slide 2: Outline

TERMINOLOGY

Copyright

ILLEGAL

LEGAL

GREY MARKET

BLACK MARKET

UNREGULATED
MARKET

REGULATED
MARKET

OFFSHORE

ONSHORE

s.13,s.17

s.13,s.17

UNREGULATED ONLINE GAMBLING

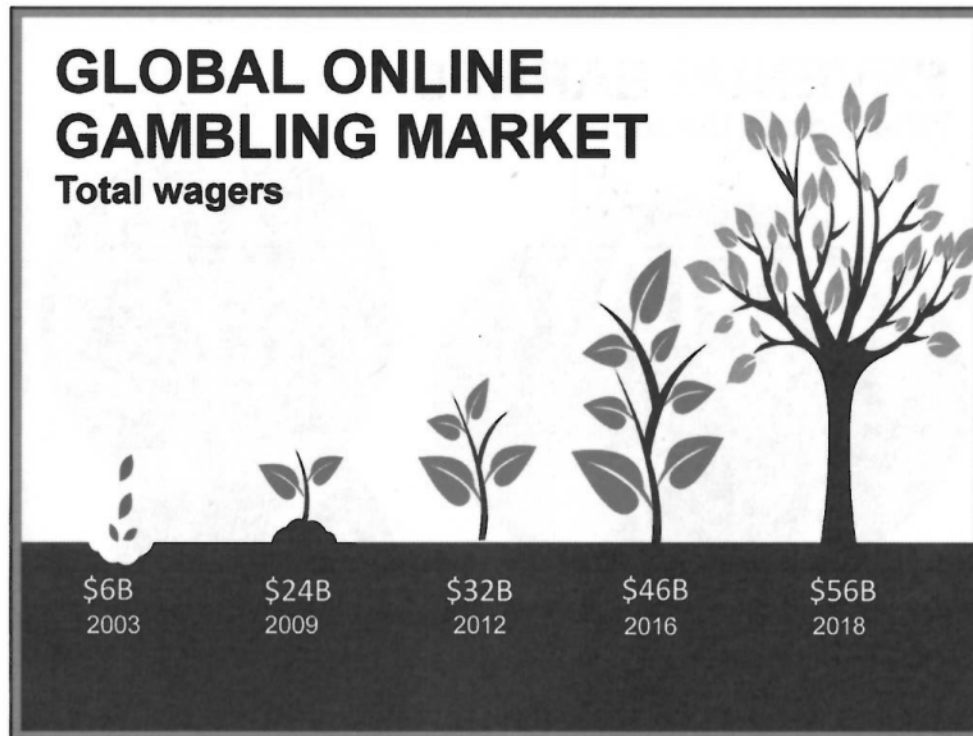
Copyright

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Slide 4: What is the Unregulated Gambling Market?

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Slide 5: Transition Slide - What is the Value of the Online Gambling Market



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Sources: 1998 in a report by Frost & Sullivan of total REVENUE of internet gambling. Could not locate original source, this stat is cited in many places but seems to be from Wikipedia.

All others from: <https://www.statista.com/statistics/270728/market-volume-of-online-gaming-worldwide/2009> -

Represent total online gambling MARKET. 2016 and 2018 are projections.

REVENUE EARNED

Where does the money go?

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Copyright

Copyright

Copyright

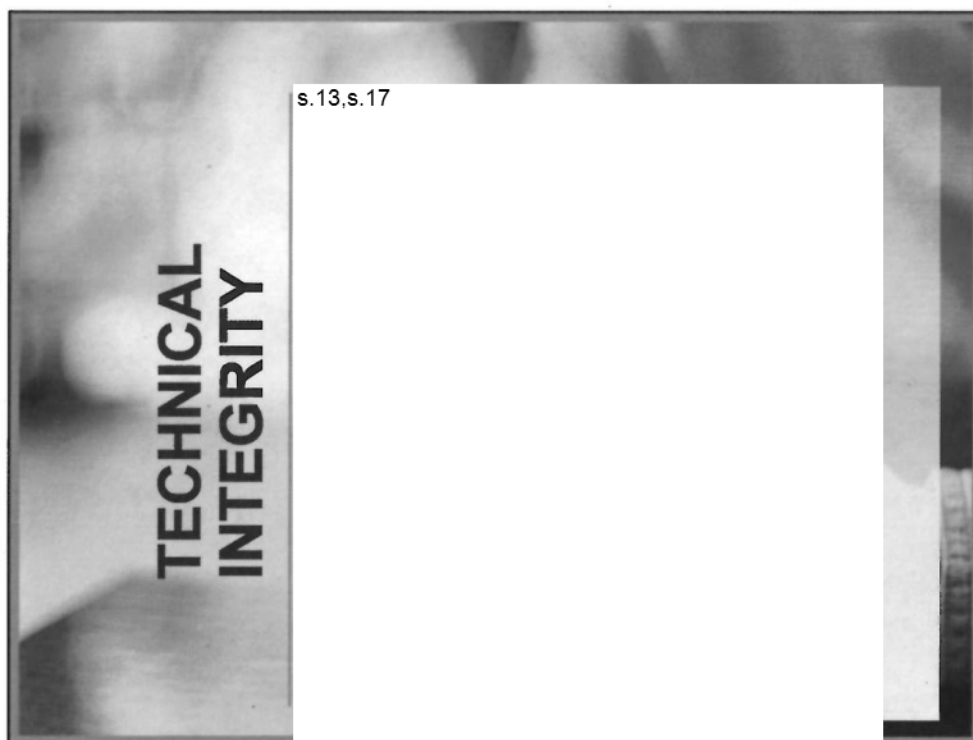


CONSUMER PROTECTION

1. Technical Integrity

2. Responsible Gambling Standards

3. Minors Access to Online Gambling



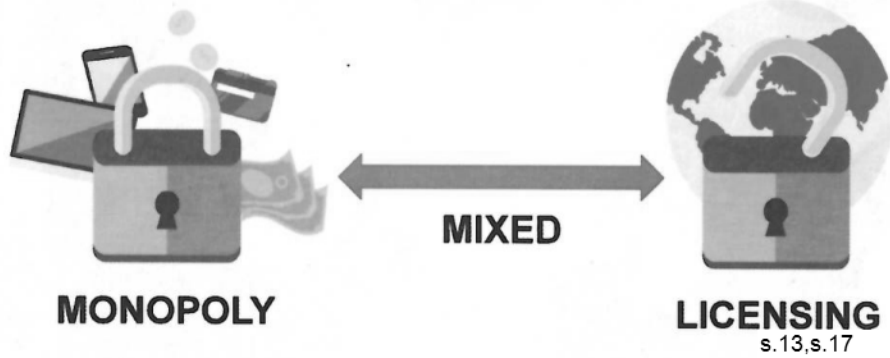
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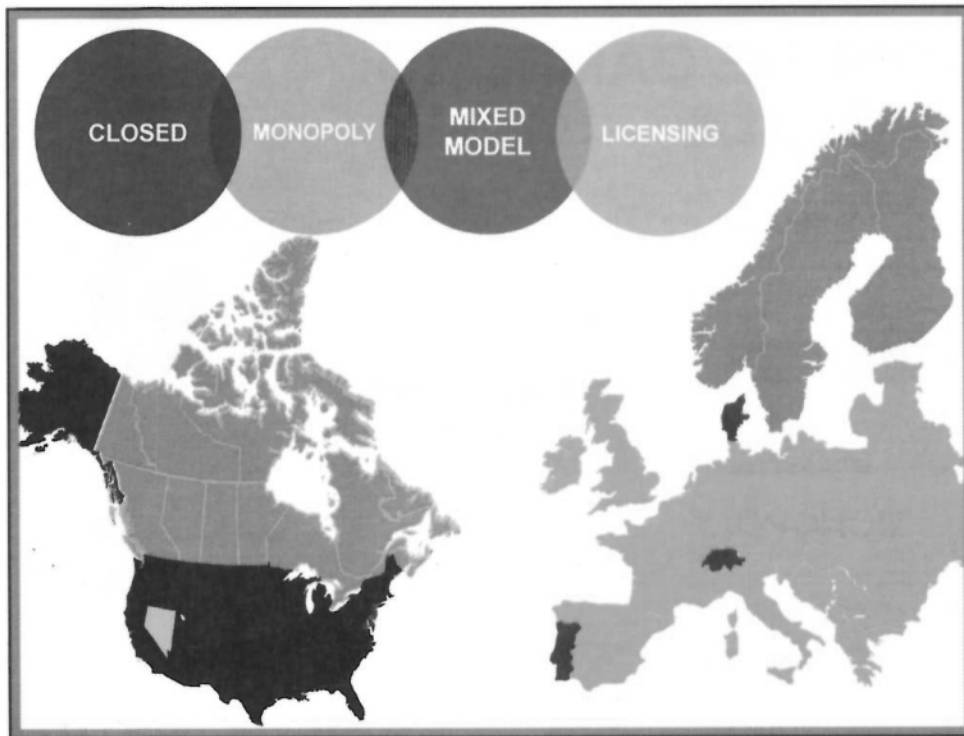
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ONLINE GAMBLING MODELS



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MIXED
MODEL

AUSTRALIA

Australia has a mixed regulatory model, where online gambling is regulated under both Federal and State/Territorial law



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ENFORCEMENT OPTIONS USED GLOBALLY

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Offence
Provisions

Copyright

Payment
Blocking

Civil Penalties

Advertising
Restrictions

Website
Blocking

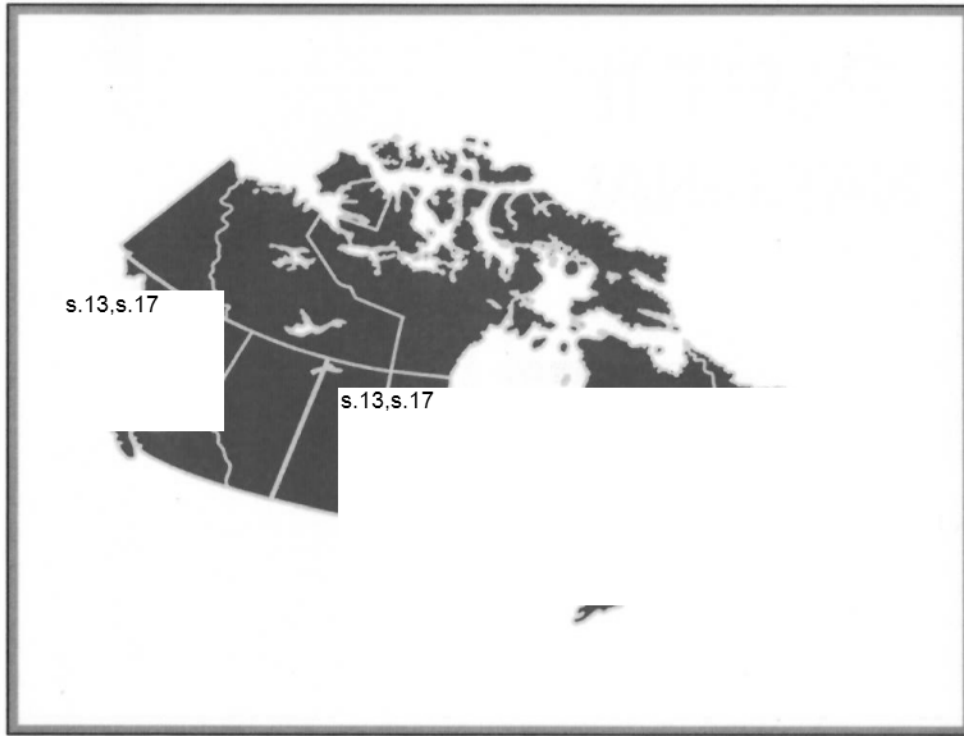
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Blacklisting

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PART II NATIONAL





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Copyright

Page 26

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Copyright

B.C.

**UNREGULATED
MARKET**

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Copyright

V

SINGLE-EVENT SPORTS BETTING

\$14B

ESTIMATED AMOUNT OF TOTAL BETS THAT
CANADIANS PLACE ANNUALLY ON SINGLE-
EVENT SPORTS

Copyright

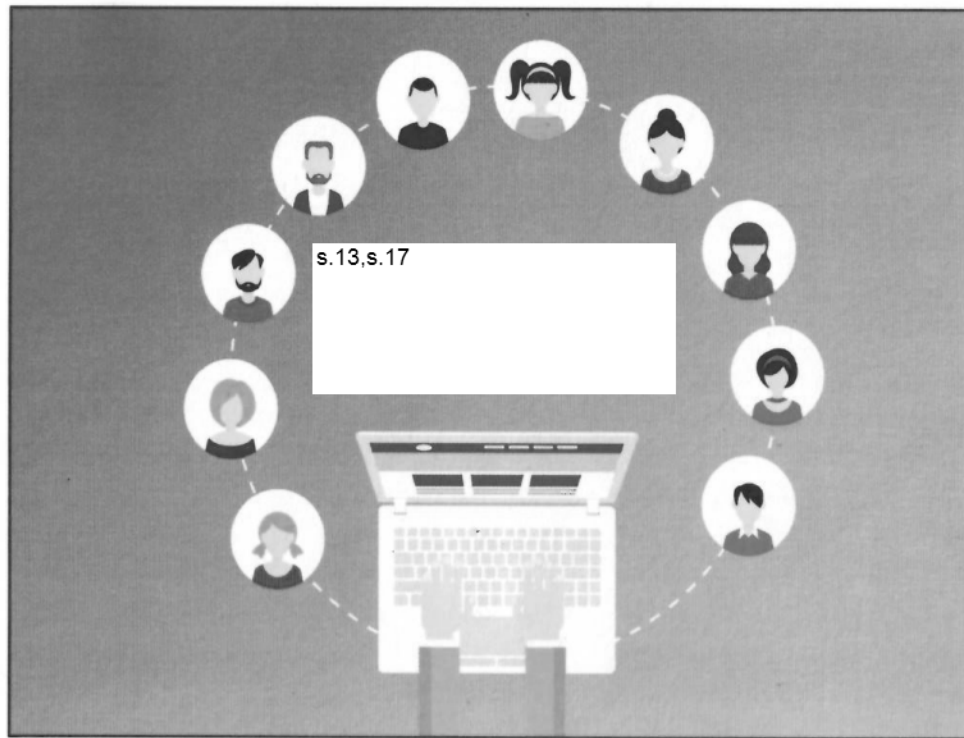
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WAGERS ON RACES & FIGHTS

Copyright

Copyright

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Copyright

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What have provinces tried to do to address unregulated gambling sites?

Copyright

QUEBEC

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No person, other than BCLC [...] may conduct, manage or operate a lottery scheme in British Columbia; and no person may offer gaming services in British Columbia unless they are authorized by GPEB to do so.

No person, other than BCLC or a licensee, may conduct, manage or operate a lottery scheme in British Columbia; and no person may offer gaming services in British Columbia unless they are authorized by GPEB to do so. GPEB must caution that any gambling conducted, managed or operated by a company or individual in British Columbia is likely to be contrary to both the *Criminal Code of Canada* and the Act unless the company or individual has been authorized to do so under the Act.

JURISDICTIONAL AUTHORITY

Federal



Telecom Act (CRTC)

- Ability to block website
- Impose ad restrictions



Criminal Code

- Monopoly

• s.16



Financial Consumer Legislation

- Payment blocking

Provincial

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How are we working together
to address the unregulated
market?

Copyright

Copyright

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WORKPLAN

PHASE 1:
(SUMMER 2017)

PHASE 2:
(FALL 2017)

PHASE 3:
(JUNE 2018)

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APPROVALS

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PART III

PROVINCIAL



BCLC'S SHARE OF ONLINE GAMBLING MARKET

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ONLINE GAMBLING MARKET DATA



websites



% market share



of players



\$ wagered



Type of games



Standards

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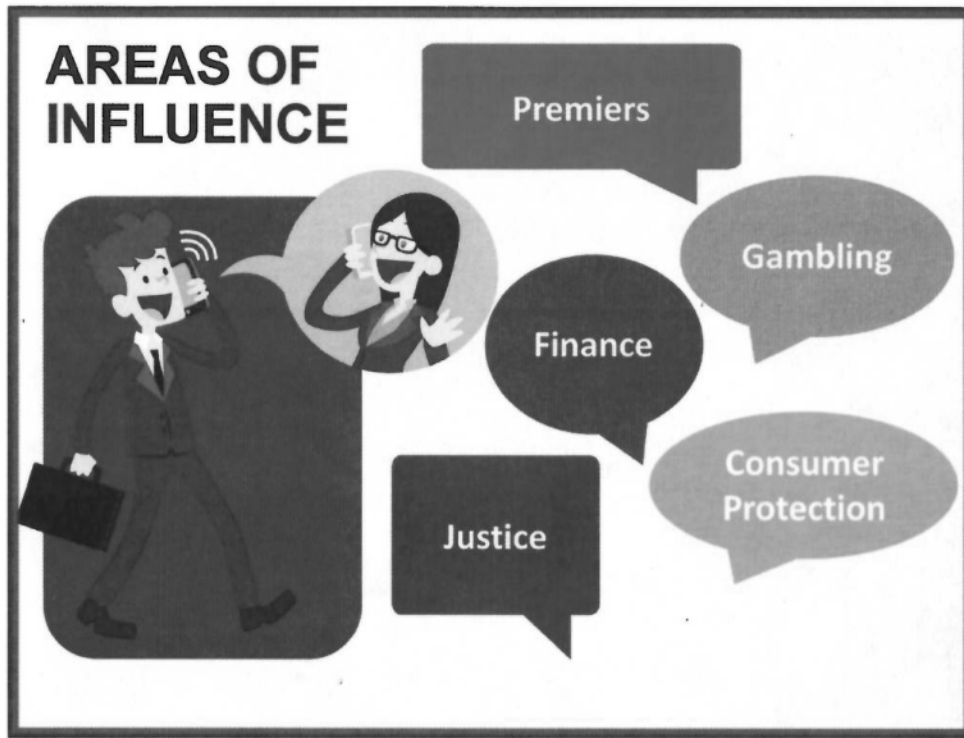
PART IV

NEXT STEPS

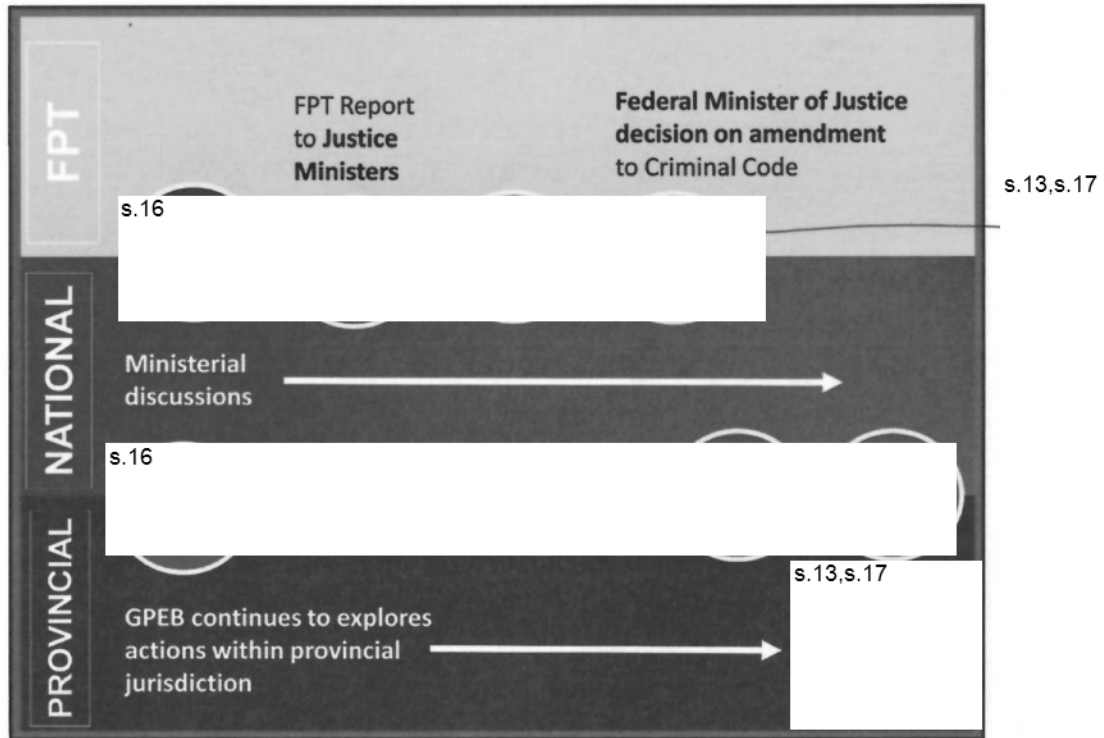


PROVINCIAL OPTIONS TO EXPLORE

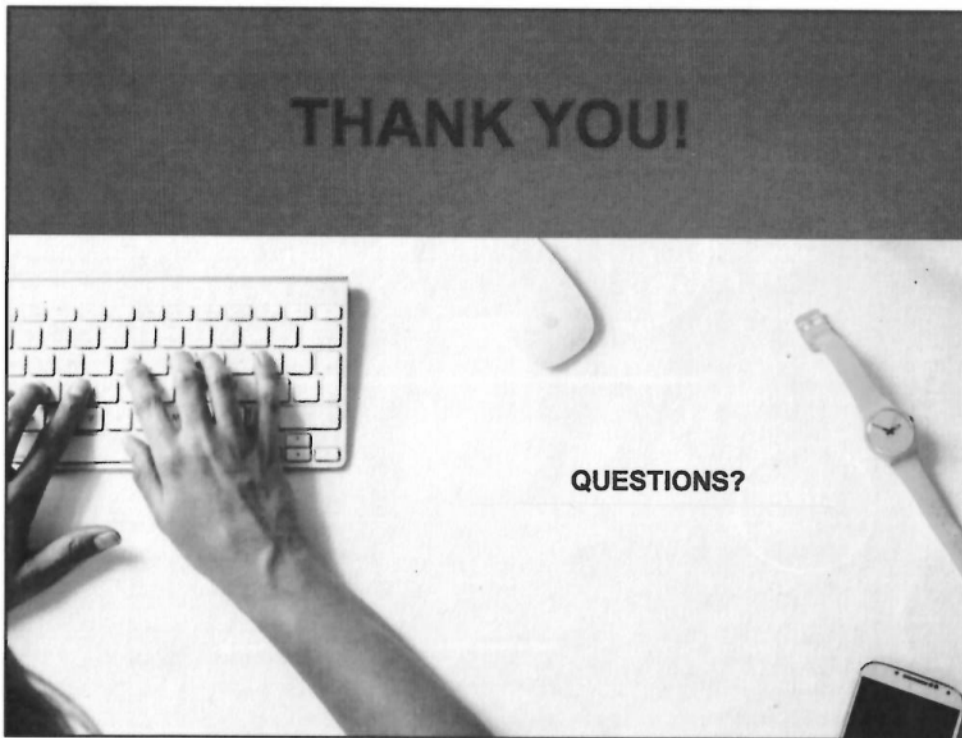
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Notes for Presentation on Unregulated Online Gambling March 9, 2017

Slide 1: Title – Online Gambling in BC (Michele)

Slide 2: Outline (Michele)

We wanted to have this opportunity to meet with you today to talk about unregulated online gambling in BC – what it looks like, how online gambling is being regulated around the world and what the options are for regulation in Canada and BC.

We have divided our presentation into four sections:

1. The online gambling market worldwide
2. Online gambling in Canada and national efforts to address unregulated online gambling
3. Online gambling in BC and BC's options to address the unregulated online gambling
4. Proposed next steps

Slide 3: Transition Slide – Part 1: Unregulated Online Gambling Worldwide (Jeff)

Slide 4: Terminology (Jeff)

You will have heard many different terms to describe the online gambling market:

- illegal,
- black market,
- grey market,
- unregulated,
- offshore

All these all terms are used, often interchangeably, to refer to online gambling that is outside BC's regulatory scheme.

When we speak about a black market or illegal gambling, we are speaking about online gambling that is offered outside the regulatory model in jurisdictions that have clearly defined legislation that makes unregulated online gambling illegal.

Grey market refers to jurisdictions where the legislation is unclear about online gambling, which is the case in Canada. We'll discuss Canada's legal framework for online gambling later in the presentation.

The term offshore is often used because the companies that operate online gambling websites are usually located outside of Canada.

For the purposes of this presentation we will use the term unregulated online gambling to refer to gambling websites that are not regulated by GPEB – which is everything other than PlayNow.com.

Slide 5: What is the Unregulated Gambling Market? (Jeff)

There are thousands of websites that offer online gambling around the world.

- GPEB estimates that there are over 2,200 websites that offer their platforms to British Columbians. Many of the companies that operate these sites are completely legitimate in that they are registered and regulated to offer gambling in other jurisdictions.
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Slide 6: Transition Slide - What is the Value of the Online Gambling Market? (Jeff)

We know there are thousands of sites offering online gambling worldwide.

But what is the Value of the Online Gambling Market?

Slide 7: Value of the Unregulated Market (Jeff)

The online gambling market is a multi-billion dollar industry that continues to grow rapidly while the traditional land-based gambling industry has leveled off and is contracting in many jurisdictions in Canada and around the world.

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This is projected to grow s.13,s.17 by 2018.

Keep in mind that this industry did not exist in 1990 and it is now worth nearly s.13,s.17 l.

Slide 8: Where does this money go? (Jeff)

We know there is a lot of money in the online gambling market – But where does this money go?

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Slide 9 – Transition Slide – Are there risks to consumers? (Jeff)

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Are there also risks to consumers?

Slide 10: Consumer Protection (Jeff)

The answer is yes!

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These include issues related to:

- technical integrity,
- responsible gambling standards, and
- access to minors.

Slide 11: Technical Integrity (Jeff)

First - Technical Integrity

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Slide 12: Responsible Gambling Standards (Jeff)

Unregulated market sites self-regulate when it comes to responsible gambling messaging.

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Slide 13: Access to Minors (Jeff)

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Slide 14 – Transition Slide - How is the Unregulated Market Addressed Worldwide? (Rachel)

We've identified the risks of these the unregulated market – so now we are going to look at how the unregulated market is address workldwide.

Slide 15 – Models (Rachel)

In jurisdictions that permit online gambling, there are three basic models:

- licensing model;
- monopoly; and
- mixed model.

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Slide 16 – North America & Europe (Rachel)

Most western jurisdictions have implemented some form of licensing regime to regulate online gambling.

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Slide 17 – Australia (Michele)

Australia is an interesting model : s.13 because it faces very similar challenges as Canada. Australia is also a federation and land-based gambling is regulated by each individual state, similar to the way each individual province regulates gambling in Canada.

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Slide 18 – Enforcement Options (Michele)

Nearly all countries that have legalized online gambling and have implemented either a licensing model or a monopoly have also implemented accompanying enforcement provisions to ensure that they are able to protect their citizens.

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Slide 19: Transition Slide – Part 2: Canada (Jillian)

Now let's turn to the Canadian model and what is happening within our own country.

Slide 20 – Canadian Model (Jillian)

The Criminal Code currently permits only the provincial government or its agent to conduct and manage gambling in the province. In BC, only BCLC, as an agent of the Crown, can conduct and manage gambling.

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Slide 21 – Transition Slide – Is the unregulated market really illegal in Canada? (Jillian)

Slide 22 – Legal advice (Jillian)

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Slide 23: Transition Slide – Why do people choose to gamble in the unregulated market? (Rachel)

If people have a regulated option, why do they continue to gambling on the unregulated sites?

Slide 24: BC vs. Unregulated market (Rachel)

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Slide 25: Single Sports Betting (Rachel)

In Canada, it is illegal to bet on the outcome of a single game or event.

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Slide 26: Fights and Racing (Rachel)

The Criminal Code also makes it illegal to gamble on racing and fighting, which means that Playnow.com cannot take bets on sports and events such as:

- boxing,
- mixed martial arts (MMA), which has a strong gambling culture
- NASCAR and Formula One car racing, or
- The 100-metre race at the Olympics

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Slide 27: Federal Bills to Amend the Criminal Code (Rachel)

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Slide 28: Limits on Player Location: Impacts^{s.13,s.17} (Rachel)

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Slide 29: Summary of why people use the unregulated market (Rachel)

Similar to prohibition at the turn of the century, prohibition does not work when consumers have made up their mind.

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Slide 30 – Transition – What have provinces tried to do to address unregulated gambling sites? (Jillian)

Slide 31 – Quebec

Quebec has a legal online platform – Espacejeux – that was^{s.16} launched in 2010 with the intent that people would leave unregulated sites in favour of a safer online gambling platform.

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Slide 32 – BC attempts to get unregulated sites out of the market (Jillian)

In BC, we have also been interested in this issue and have begun exploring our options.

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Slide 33 – Provincial and Federal Authorities (Jillian)

s.13,s.16,s.17

Slide 34 – Transition - What is being done at the national level? (Jillian)

And this leads us into the work that we have been doing with the federal government and other Canadian provinces.

Slide 35 - s.13,s.16,s.17 (Jillian)

After Quebec released its report on unregulated gambling and recommendation for a Criminal Code change to permit a licensing model, it connected with the other provinces. s.13,s.16,s.17

s.13,s.16,s.17

Slide 36 – s.13,s.16,s.17 (Jillian)

s.13,s.16,s.17

Slide 37 – s.13,s.16,s. Approval Process and Timelines (Jillian)

s.13,s.16,s.17

Slide 38 – Transition Slide – Part 3: Online Gambling in BC s.13

(Jeff)

We're now onto Part 3 of the presentation which focusses on Online Gambling in BC s.13 – s.17

Slide 39 – Online Unregulated Market in BC (Jeff)

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Slide 40 – Understanding the Market (Jeff)

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Slide 41 – s.13,s.17

s.13,s.17

s.13,s.17

Slide 42 – s.13,s.17

s.13,s.17

s.13,s.17

Slide 43 – s.13,s.17

(Michele)

s.13,s.17

Slide 44 – Transition Slide – Part 4 – Next Steps (Michele)

Slide 45 – What we can do in BC? (Michele)

Under the current Criminal Code and the current Canadian model, BCLC and GPEB have common interests. '

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Slide 46 .^{s.16}

(Michele)

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Slide 47 – Timeline of Work – Strategic Overview (Michele)

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Date May 2 '17

[One on one w/ s.22]

✓ ① s.22

② s.22

BC

(L)

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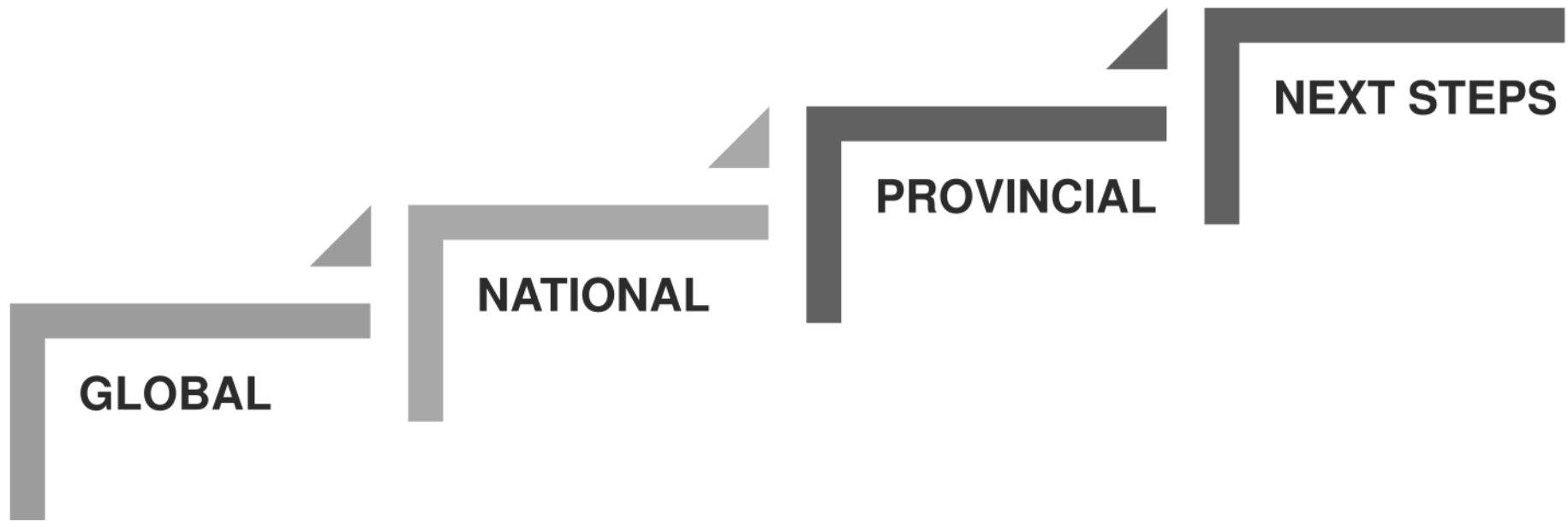
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UNREGULATED ONLINE GAMBLING



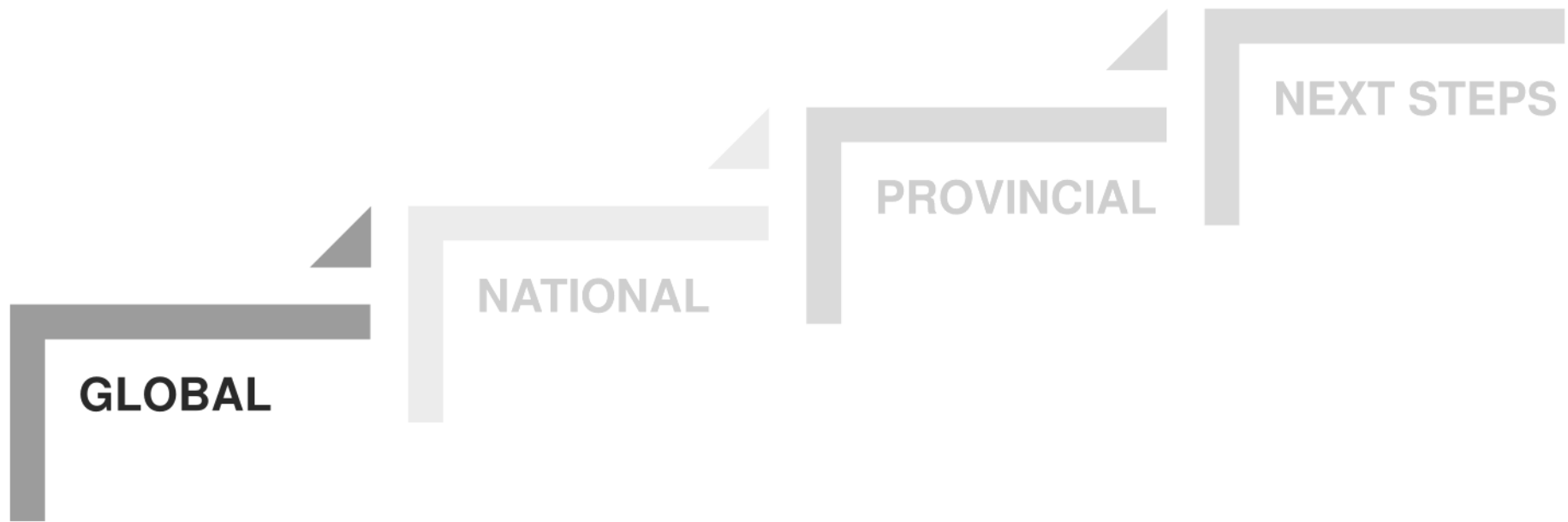
Strategic Policy & Project Division
Michele Jaggi-Smith
Executive Director

PRESENTATION OUTLINE



PART I

GLOBAL



TERMINOLOGY

Copyright

ILLEGAL

GREY MARKET

UNREGULATED
MARKET

OFFSHORE

LEGAL

BLACK MARKET

REGULATED
MARKET

ONSHORE



UNREGULATED ONLINE GAMBLING

Copyright

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GLOBAL ONLINE GAMBLING MARKET

Total wagers



\$6B
2003



\$24B
2009



\$32B
2012



\$46B
2016



\$56B
2018

REVENUE EARNED

Where does the money go?

Copyright

Copyright

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CONSUMER PROTECTION

1. Technical Integrity

2. Responsible Gambling Standards

3. Minors Access to Online Gambling

TECHNICAL INTEGRITY

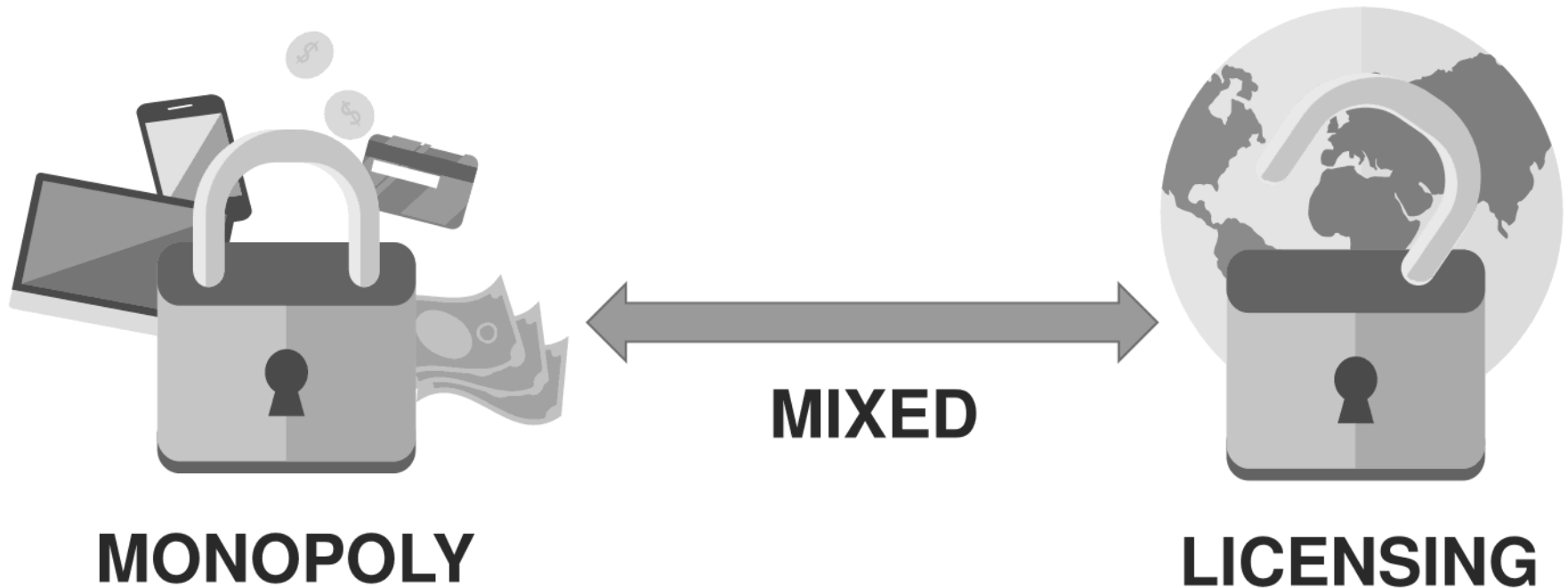
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ONLINE GAMBLING MODELS





MIXED MODEL

AUSTRALIA

Australia has a mixed regulatory model, where online gambling is regulated under both Federal and State/Territorial law



ENFORCEMENT OPTIONS USED GLOBALLY

Offence
Provisions

Copyright

Civil Penalties

Website
Blocking

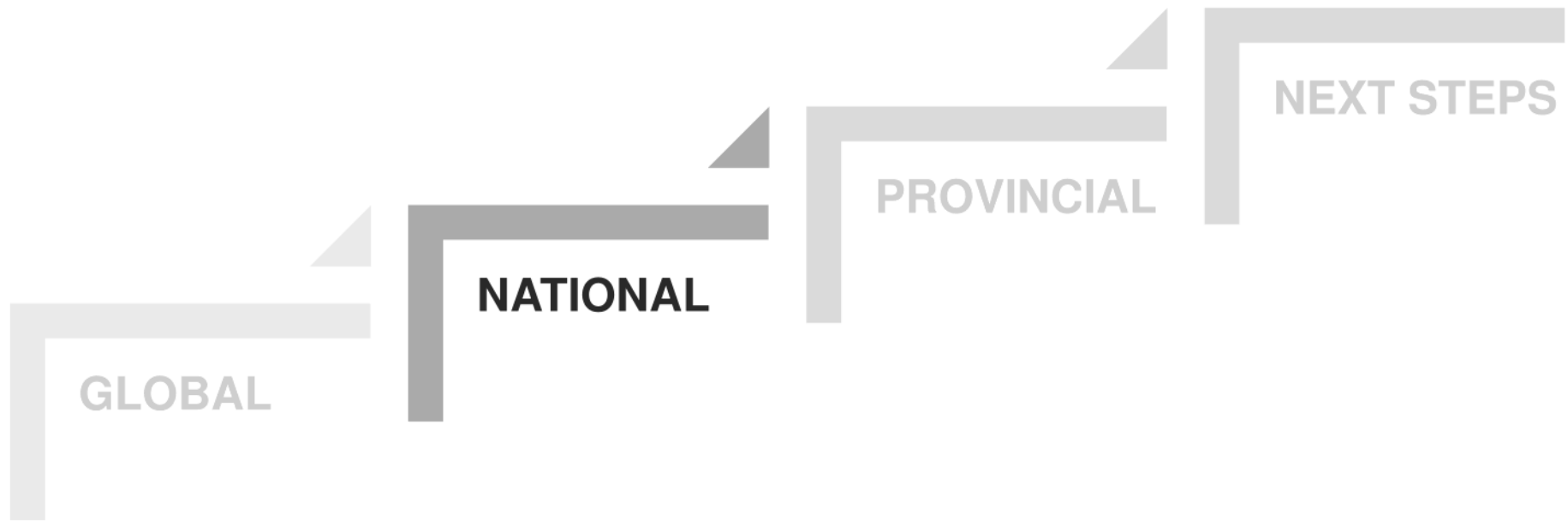
Payment
Blocking

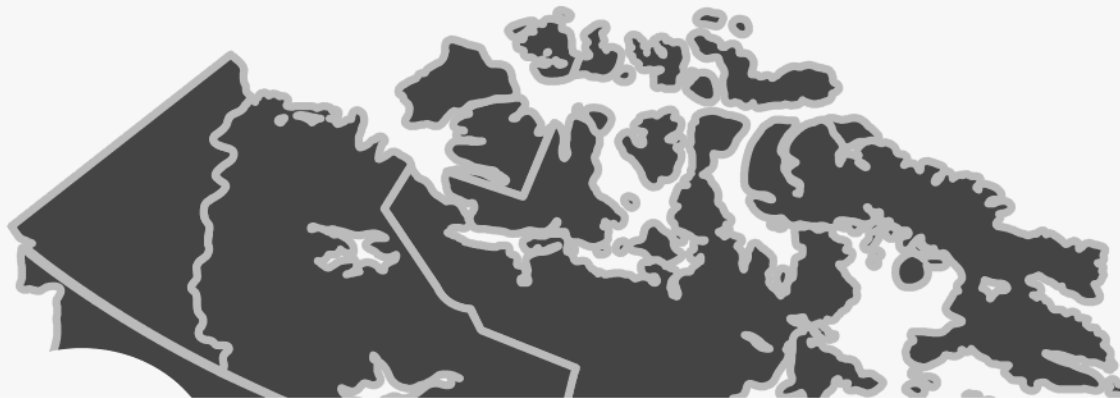
Advertising
Restrictions

Blacklisting

PART II

NATIONAL





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Page 41

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LEGAL ADVICE

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Page 43

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B.C.

UNREGULATED MARKET

s.13,s.17

Copyright

vs

SINGLE-EVENT SPORTS BETTING

\$14B

ESTIMATED AMOUNT OF TOTAL BETS THAT
CANADIANS PLACE ANNUALLY ON SINGLE-
EVENT SPORTS

Copyright

WAGERS ON RACES & FIGHTS

Copyright

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Copyright

What have provinces tried to do to address unregulated gambling sites?

Copyright

QUEBEC

Copyright

August 23, 2016

352035

Nigel Eccles, CEO
Panduel Inc.
1375 Broadway
New York, NY 10018 USA
Dear Mr. Eccles,

No person, other than BCLC [...] may conduct, manage or operate a lottery scheme in British Columbia; and no person may offer gaming services in British Columbia unless they are authorized by GPEB to do so.

The British Columbia Gaming Policy and Enforcement Branch (GPEB), acting through GPEB's Gaming Policy and Enforcement Branch (GPEB), is responsible for the regulation and management of gaming in the Province of British Columbia. GPEB is responsible for the investigation and enforcement of contraventions to the *Gaming Control Act* (the Act), and assists police with the investigation of gaming-related contraventions to the *Criminal Code of Canada*. GPEB's authority is set out in the Act. GPEB has reason to believe that your company is conducting and managing a lottery scheme which facilitates online betting within the Province of British Columbia, Canada.

In British Columbia, the only lawful lottery scheme is the British Columbia Lottery Corporation (BCLC). BCLC's authority is set out in the Act. Limited exceptions in relation to betting, lotteries, games of chance, and permitted lottery schemes. Section 207 of the *Criminal Code of Canada* states that lottery schemes in Canada may only be lawfully conducted and managed by the government of a province or territory or by a limited number of other types of licensed organizations (eligible charitable and religious organizations). In British Columbia, the provincial government conducts and manages lottery schemes through the Province's statutory agent, the British Columbia Lottery Corporation (BCLC). BCLC's authority is set out in the Act.

No person, other than BCLC or a licensee, may conduct, manage or operate a lottery scheme in British Columbia; and no person may offer gaming services in British Columbia unless they are authorized by GPEB to do so. GPEB must caution that any gambling conducted, managed or operated by a company or individual in British Columbia is likely to be contrary to both the *Criminal Code of Canada* and the Act unless the company or individual has been authorized to do so under the Act.

Unauthorized gambling conducted, managed or operated by corporations or individuals is subject to the offense provisions under the Act. The Act provides for fines of up to \$100,000 on a first conviction.

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JURISDICTIONAL AUTHORITY

Federal



Telecom Act (CRTC)

- Ability to block website
- Impose ad restrictions



Criminal Code

- Monopoly

s.16

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Financial Consumer Legislation

- Payment blocking

Provincial



How are we working together to address the unregulated market?

Copyright

Page 55

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WORKPLAN



PHASE 1:
(SUMMER 2017)

s.13,s.17

PHASE 2:
(FALL 2017)

PHASE 3:
(JUNE 2018)

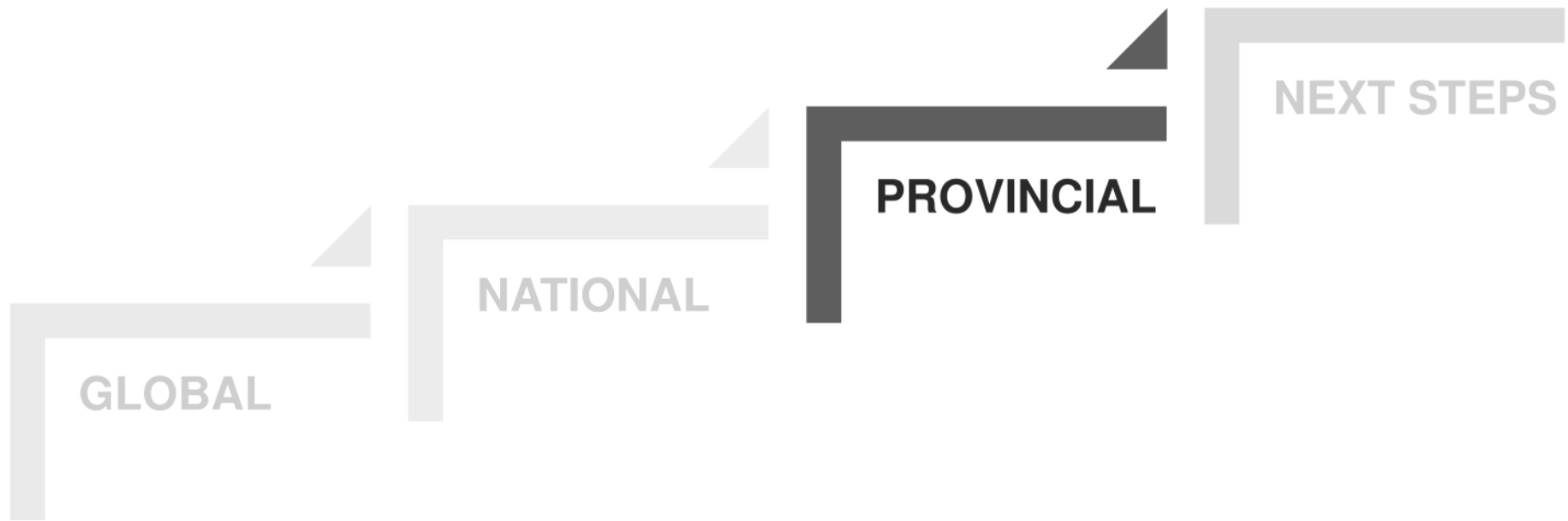
APPROVALS

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PART III

PROVINCIAL



BCLC'S SHARE OF ONLINE GAMBLING MARKET

s.13,s.17

ONLINE GAMBLING MARKET DATA



websites



% market share



of players



\$ wagered



Type of games



Standards

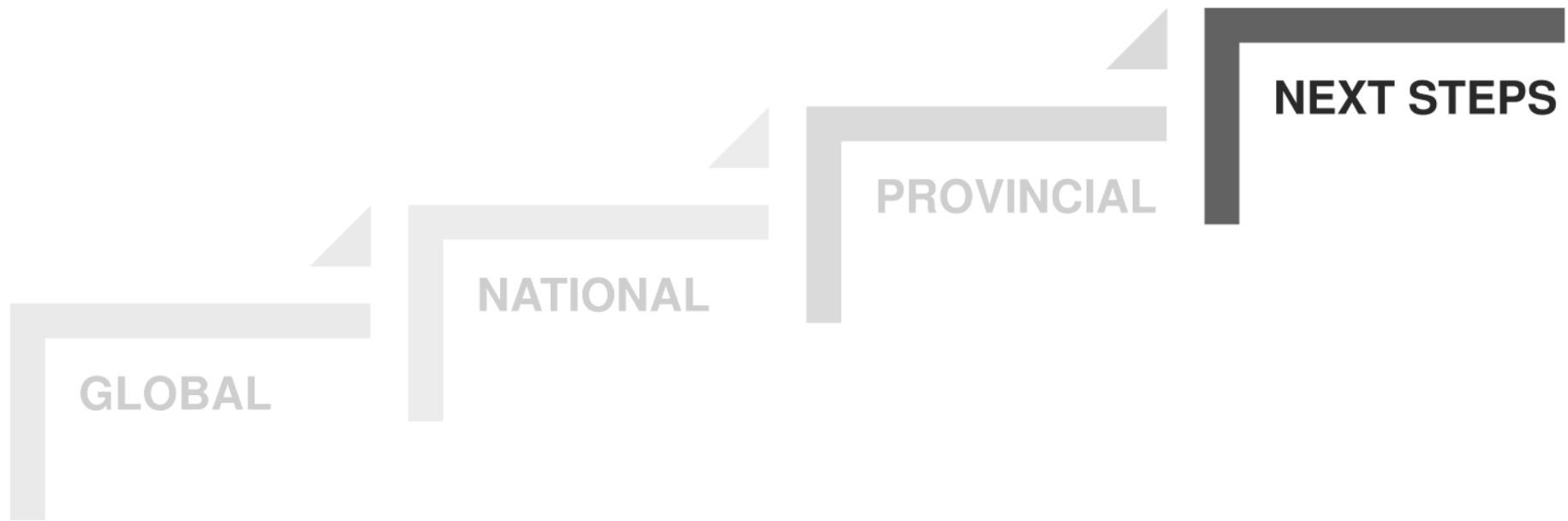
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PART IV

NEXT STEPS



Page 65

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AREAS OF INFLUENCE

Copyright

Copyright

Premiers

Gambling

Finance

Justice

Consumer
Protection

FPT

FPT Report
to **Justice**
Ministers

Federal Minister of Justice
decision on amendment
to Criminal Code

s.16



NATIONAL

Ministerial
discussions




s.16



PROVINCIAL

GPEB continues to explores
actions within provincial
jurisdiction



s.13,s.17



THANK YOU!



QUESTIONS?

Jillian's Notes

Slide 19: Transition Slide – Part 2: Canada

Now we are going to turn to the Canadian model and what is happening within our own country.

Slide 20 – Canadian Model

Canada has a **monopoly** model.

Under the Criminal Code, the provincial government or an agent of the government may conduct and manage gambling.

Of course in BC, that is BCLC.

s.16,s.17

Map shows online platforms in Canada.

s.13,s.17

Slide 21 – Transition Slide – So why, if we have a monopoly, are unregulated operators offering online gambling in Canada?

Slide 22 – Legal advice

s.13,s.14,s.17

s.13,s.14,s.17

BREAK

Slide 30 – Transition – What have provinces tried to do to address unregulated gambling sites?

Slide 31 – Quebec

s.13,s.17

Slide 32 – BC attempts to get unregulated sites out of the market

You will recall that last year in August, GPEB sent letters to unregulated online gambling operators to let them know that they may be operating contrary to the Criminal Criminal Code.

GPEB also contacted regulators in other jurisdictions to let them know that their licensees may be operating in Canada illegally.

s.13,s.17

Slide 33 – Provincial and Federal Authorities

s.13,s.17

Slide 34 – Transition – How are we working together at the federal level to address the unregulated market?

And this leads us into the work that we have been doing with the federal government and other Canadian provinces.

Slide 35 - s.13,s.17

s.13,s.17

Slide 36 -s.13,s.17

s.13,s.16,s.17

Slide 37 -s.13,s.17

s.13,s.17