

Ussery, Camas AG:EX

Subject: FW: BCLC - AML Q3 F17/18 Report to Attorney General of BC
Attachments: 2018.01.30 - a - Letter to Minister Eby re AML Q3 Report for Fiscal 17-18.pdf;
2018.01.30 - b - Attachment to Letter - AML Q3 F17-18 Report to Attorney General of BC.pdf

From: Jen Viau [<mailto:JViau@bclc.com>]
Sent: Tuesday, January 30, 2018 7:07 PM
To: Minister, AG AG:EX
Cc: Fyfe, Richard J JAG:EX; Richter, Connie JAG:EX; Nanninga, Tanera AG:EX; Jim D. Lightbody; Bud Smith (bsmith@urbansystems.ca) (bsmith@urbansystems.ca)
Subject: BCLC - AML Q3 F17/18 Report to Attorney General of BC

Dear Minister Eby,

On behalf of Bud Smith, Chair of BCLC's Board of Directors, please see attached.

Kind regards,

Jen Viau

Executive Coordinator
President's Office, BCLC

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

 Think Green, keep it on the screen! Please only print if necessary

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January 30, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the third quarter of
Fiscal Year 2017/2018**

I am writing to you as Board Chair of BCLC and in regard to your supplemental mandate of letter of November 28, 2017. I am pleased to provide to you the Anti-Money Laundering (AML) Quarterly Report for the third quarter of Fiscal Year 2017/2018.

From its outset, the AML framework at BCLC has been premised upon the federal legislative requirements set out in the *Proceeds of Crime Money Laundering & Terrorist Financing Act*, as well as formal written guidance provided specifically to the casino sector by both the Financial Action Task Force (FATF - the international governing body responsible for anti-money laundering requirements) and FINTRAC. The legislative requirements and the guidance create a risk-based approach to anti-money laundering and anti-terrorist financing controls (AML/ATF) which involves assessing potential risks and then targeting resources and efforts on preventing, detecting and responding to the highest identified risks. The norm for AML/ATF regimes is to work from a risk-based framework.

The MNP review completed for GPEB in 2016 includes recommendations that suggest moves away from a risk-based framework in casinos to a more prescriptive approach. One of those suggestions was to place a hard limit on the acceptance of cash (banknotes) at casinos that would apply to all transactions and all individuals irrespective of risk. MNP made no recommendation as to the amount of the limit. In light of this proposed shift to a more prescriptive approach, BCLC wanted to be prepared to offer advice on this approach should it be asked. BCLC has conducted analysis to determine a cash buy-in limit that will provide for a prescriptive level of control while still being operationally sound. BCLC, based on its analysis, believes that if a hard limit on cash buy-ins is desired, the limit should not be set at a threshold below \$25,000.

While BCLC and its Board of Directors believes that this prescriptive cash limit may be workable and can be implemented relatively quickly, our analysis does not suggest the move would be completely free of adverse impacts. BCLC believes its current risk-based approach, as mandated by FINTRAC and the FATF, provides the most effective AML/ATF controls.

I would also like to take this opportunity to advise you that BCLC has had open communications with Mr. Peter German and his team over the last few months as Mr. German has conducted his review, including his joint interview of the Chair and President & CEO. BCLC has provided open and unfettered access to any records



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and materials Mr. German has requested. We have accomplished this by creating a secure record transfer protocol specifically for Mr. German and his team that allows access to anything needed while ensuring a very high level of security and protection for personal and other sensitive information. We look forward to Mr. German's final report and are preparing to take the action necessary to implement any recommendations falling within our purview or direction given to us by government.

Yours truly,

A handwritten signature in black ink, appearing to read "Bud Smith", with a stylized, cursive script.

Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1

QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Amended Supplemental Mandate Letter dated November 28, 2017

REPORT FOR THE THIRD QUARTER FISCAL YEAR 2017/2018

BCLC PROVIDES THIS REPORT in accordance with Direction #3 set out in the Supplemental Mandate Letter:

German Recommendations

1. On December 18, 2017, BCLC completed the work necessary, save and except completion of consultations with GPEB, to implement German recommendation #1 expanding player source of funds declarations to all casino transactions of \$10,000 or more. Consultations with GPEB continued through the end of the quarter with implementation planned for January 2018.

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

(BCLC presented items 3, 4, and 6 to the Attorney General at a briefing on October 23, 2017, and are updated here.)

2. On October 27, 2017, BCLC's Chief Compliance Officer met with FinTRAC senior management to consult on planned enhancements to BCLC's anti-money laundering regime. FinTRAC's input and guidance was received and informed planned changes.
3. To increase diligence and accountability with respect to anti-money obligations on the part of service providers, on October 27, 2017, BCLC's CEO wrote to the Gaming Policy and Enforcement Branch asking them to modify the terms of registration of all gaming service providers who offer table games requiring service providers to formally designate a Chief Compliance Officer who: 1) reports directly to the president, CEO, Board of Directors or beneficial owner of the service provider as the case may be; 2) holds credentials or has considerable experience related to Canadian anti-money laundering laws; and, 3) is granted, as evidence by company policy, unfettered authority to give operational direction related to money laundering concerns. This change is consistent with long standing terms of registration in at least one other large Canadian jurisdiction. This would focus compliance obligations for this critical function at the highest levels and create a much clearer line of responsibility within service provider organizations. Additionally, this change would give regulatory weight and force to similar contractual provisions in the new casino operating services agreement.

GPEB has responded advising that, in its view, this is not an appropriate term of registration and as such has declined BCLC's request.

4. s.15

s.15

the last quarter of 2017/2018.

This work will be complete in

5. On December 4, 2017, BCLC increased the controls on bank drafts. For a casino service provider to accept a bank draft, the draft must, in addition to the name of the payee, now include the name of the financial institution issuing the bank draft, the name of the payor, as well as the account number and name of the account holder from which the funds were drawn. To the extent a bank draft does not include this information on its face, a receipt from the issuing financial institution showing the required information must be presented to the casino along with the bank draft at the time of the casino transaction and the

required information must be recorded.

6. On December 14, 2017, BCLC implemented an upgrade to one of the systems supporting its anti-money laundering regime. s.15
s.15
7. BCLC has implemented additional transaction tracking and monitoring processes related to bank drafts. On s.15
8. GPEB reported that bank drafts have been accepted at casinos where there are anomalies on the face of the bank draft giving rise to money laundering concerns. GPEB expressed concerns including: the name of the payee being left blank, the draft being made out to a person other than the player negotiating the draft at the casino, and illegible payee names. In response to these concerns, BCLC initiated a review which included a physical inspection of every bank draft and certified cheque accepted by the seven major casinos in the lower mainland for the January 2015 to November 2017 period. The review was conducted over a 20 day period from November 6-26, 2017. A total of 7,436 drafts and certified cheques were individually pulled from records and then reviewed and inspected. No anomalies were detected on or in relation to any of the bank drafts. BCLC has asked GPEB for copies of the bank drafts noted in their reports so that BCLC can take further investigative and corrective action and is awaiting a response from GPEB.
9. BCLC has analyzed the impacts of moving to a prescribed daily limit on cash buy-ins for table games products, per player, per gaming site. Based upon its research, BCLC is prepared to offer advice on the implementation and other implications associated with the imposition of a prescribed limit.

Ussery, Camas AG:EX

Subject: FW: BCLC - Letter & Report for Minister Eby's Attention
Attachments: 2018.03.02 - a - Letter to Minister Eby re Implementing Govt Direction Report.pdf;
2018.02.26 - b - Implementing Govt Direction Report.pdf

From: Suzanne Rowley [<mailto:SRowley@bclc.com>]
Sent: Friday, March 2, 2018 2:45 PM
To: Minister, AG AG:EX
Cc: Bud Smith (bsmith@urbansystems.ca); Jim D. Lightbody; Fyfe, Richard J JAG:EX; Richter, Connie JAG:EX
Subject: BCLC - Letter & Report for Minister Eby's Attention

Hello,

On behalf of Bud Smith, BCLC's Board Chair, please find attached letter and report for the Minister's attention.

Thank you & regards,

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

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March 2, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report

Please find enclosed BCLC's Implementing Government Direction report, dated February 26, 2018.

We trust that the report will provide a helpful update on BCLC's work to fulfill its current Mandate Letter requirements.

Detailed below are some highlights from the enclosed report:

1. Recent Ernst & Young (EY) Audit on BCLC Anti-Money Laundering (AML) program

BCLC's AML program recently underwent its biennial audit which was conducted by EY. The audit was largely positive and noted only a few minor issues, all of which have since been completely addressed by BCLC. The findings in this audit are similar to all other BCLC AML audit reports, whether conducted by FinTRAC or independent third parties, in that a few minor issues are identified and BCLC takes immediate action to correct any issues. Recently, FinTRAC advised BCLC that our AML program was the industry leader and that FinTRAC intended to develop some of its' casino industry guidance based upon BCLC's program.

BCLC has proactively released the audit report and have provided an un-redacted copy to the Ministry.

2. Determination of BCLC and GPEB Responsibilities

BCLC continues to work cooperatively with GPEB to determine responsibilities and accountability within the BC gaming industry. We are also aware that Dr. Peter German is reviewing roles and responsibilities pertaining to AML as part of his review.

Working with GPEB to more clearly delineate areas of responsibility is important work since if either entity were to take action outside their prescribed authority, the action or decision could be challenged as *ultra vires*. Further, there are many areas of overlap between BCLC and GPEB and it is expedient to ensure that work is not been duplicated, thereby wasting resources.

3. GameSense Advisor Program

GPEB will transfer the GameSense Advisor (GSA) program to BCLC effective April 1, 2018. Expanding GSAs to Community Gaming Centres (CGC) is one



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of the recommendations contained in the Plan for Public Health and Gambling (February 2015). BCLC and GPEB are consolidating the GSA program under BCLC's management to increase efficiency and service to players. Presently in B.C., GSAs staff GameSense Information Centres (GSICs), which are located in all casinos. In CGCs, there are currently self-serve kiosks. However, with the transfer of the GSA program to BCLC, GSAs will staff every casino and CGC in B.C. by September 2019.

By the time the program is fully implemented, the expansion of the GSA program will almost double BCLC's investment in Player Health to \$6.4M annually (BCLC's current budget for responsible gambling is \$3.4M).

Additional anticipated benefits associated with the transfer of GSAs to BCLC employee positions include:

- Improved relationships with Service Providers and players by integrating the GSA program within gaming facilities;
- Refined roles and responsibilities to develop subject-matter expertise and improve GSA program delivery;
- Improved customer experience and data gathering through technology and innovative solutions;
- Improved customer experience through new education tools;
- Improved level of support for gaming workers and BCLC staff to enhance further the culture of responsible gambling within B.C.'s gambling industry.

4. **New Game Framework**

BCLC and GPEB have been working to develop an approach to the development and implementation of new games. The concept of 'new games' is not contained within the Gaming Control Act (GCA) – the GCA only references the ministerial approval process for 'new lottery schemes'. While a new lottery scheme will always include the concept of a new game, it is possible for a new game to be part of an existing lottery scheme (for example, a newly purchased slot machine or a new Scratch & Win ticket are new games, but not new lottery schemes).

BCLC and GPEB met to discuss the issue, following which GPEB provided BCLC for its review a draft policy regarding the approval of new games that are defined as new lottery schemes. In addition to providing written feedback, s.14

s.14

GPEB is now in the process of re-writing the policy and has committed to providing BCLC with an opportunity to comment on the new draft and further conversations between both entities.

Once this work is complete, both entities should have a common understanding of what constitutes a 'new game'. This will assist BCLC's ability to innovate and develop new products that meet the demands of the competitive marketplace for entertainment.

5. **University of British Columbia (UBC) Centre for Gambling Research**

Three years ago, BCLC entered into a sponsorship agreement with UBC to create the Centre for Gambling Research. In total, BCLC contributed \$2.5 million dollars to UBC in exchange for specific benefits. The funding for this sponsorship comes from the Ineligible Jackpot Monies from people who are in the Voluntary Exclusion Program (VSE).

s.17

In addition, BCLC and our service providers await implementation by GPEB of the Dr. German recommendation to have enforcement personnel inside casinos that offer high limit table play. Having onsite personnel who have enforcement jurisdiction/authority will greatly improve the response time when anomalous, improper, or potential criminal behaviour is identified, suspected, and reported.

As always, BCLC would be pleased to meet with you at your convenience to discuss any aspects of this letter or the enclosed report.

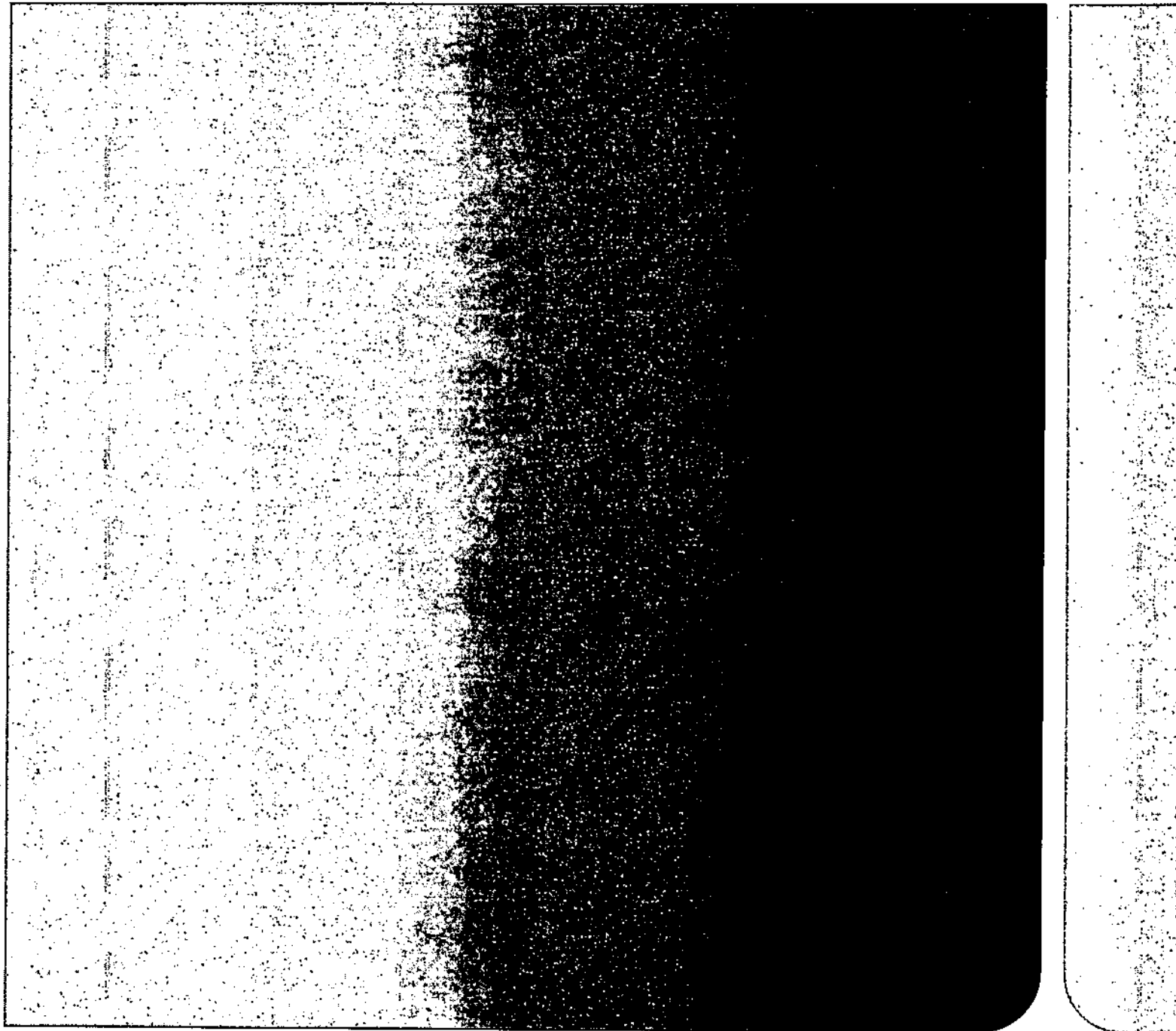
Yours truly,

A handwritten signature in black ink, appearing to read 'Bud Smith', written in a cursive style.

Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1



Implementing Government Direction

February 26, 2018 Update

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ABOUT THIS REPORT

This report tracks our actions and responses to the Mandate Letter and Plan for Public Health and Gambling. Should Government have other reports or documents with significant requirements or recommendations for BCLC, we will add the tracking of those recommendations to this report.

implementing government direction

IMPLEMENTATION OF 2017/18 MANDATE LETTER (MANDATE) AMENDMENT (November 28, 2017)

	Mandate Letter Action	Plans and Progress	
1.	<p>Implement the five remaining commitments that BCLC is responsible for in the <i>Plan for Public Health and Gambling</i> (February 2015). This includes:</p> <ul style="list-style-type: none"> a) Implementing a GameSense Advisor presence in Community Gaming Centres; b) Offering time and money budgeting tools to Encore Rewards members and PlayNow.com customers; and c) Implementing customized responsible gambling messaging on PlayNow.com subject to review and approval by GPEB, and alignment with provincial Responsible Gambling Standards applicable to online gambling. <p>BCLC will continue to work with GPEB in the implementation of the three remaining commitments for which they are jointly accountable, including undertaking key research projects related to online problem gambling and high-risk features of Electronic Gambling Machines.</p> <p>BCLC will submit bi-annual progress reports to the General Manager, GPEB, detailing the status of these commitments.</p>	<p>A summary of the actions taken related to The Plan for Public Health and Gambling is contained in Appendix 1.</p> <p>BCLC attended a meeting with GPEB in Victoria on October 17, 2017, to discuss joint progress on all recommendation of the Public Health Recommendations related to responsible gambling.</p> <p>On January 8, 2018, BCLC and GPEB finalized plans to address all recommendations and plans are moving forward to address all recommendations that are outstanding.</p>	In Progress

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	Mandate Letter Action	Plans and Progress	
2.	Proactively share information with GPEB that assists the branch in meeting its responsibility for the overall integrity of gaming and horse racing and providing the Minister with advice on broad policy, standards and regulatory issues. The type of information includes, but is not limited to, the following:		
	a) Information about any new games, excluding variations of existing games or similar games already being offered by BCLC, that BCLC intends to introduce to determine whether additional responsible gambling standards are required or whether a game may be considered a new type of lottery scheme and requires written approval under Section 7 of the <i>Gaming Control Act</i> ; and	BCLC is working with GPEB to formalize a new game evaluation framework. There have been conversations regarding the legal definitions of new lottery schemes to clarify what requires review, and exchange of documents around the evaluation process during November and December 2017. During this period, there have been no new games submitted by BCLC for GPEB review.	Ongoing
	b) Information regarding any trends that may influence strategies to combat money laundering and keep the proceeds of crime out of British Columbia gambling facilities.	BCLC is not aware of any new information on specific trends that would assist the branch with its responsibilities that may influence the branch's anti-money laundering strategies, however, GPEB is provided on an on-going basis reports on all unusual financial transactions, any suspected illicit activity occurring or attempted at casinos, and any material changes BCLC makes to its compliance programs.	Ongoing

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Mandate Letter Action	Plans and Progress	
<p>3. BCLC will provide a quarterly report to the Attorney General on the implementation of the government's Anti-Money Laundering (AML) Strategy and mitigation of related illegal activities. This will include but not be limited to:</p> <ul style="list-style-type: none"> a) Activities undertaken to ensure the Corporation's compliance regime is focused on preserving the integrity and reputation of British Columbia's gaming industry in the public interest; b) Participation in the development of, and providing funding to support, an enhanced coordinated enforcement approach with the Gaming Policy and Enforcement Branch, the RCMP and local police to mitigate the risk of criminal activities in the gaming industry; c) The implementation of anti-money laundering compliance best practices with appropriate consideration of evaluating source of wealth and source of funds prior to cash acceptance within a risk-based framework; and d) Providing input to the Ministry of Attorney General in the development of a public information and education strategy and action plan for government's review and approval. 	<p>Refer to QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA - FOURTH QUARTER OF 2017</p>	<p>In Progress</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

A PLAN FOR PUBLIC HEALTH AND GAMBLING IN BRITISH COLUMBIA (February 2015)

Recommendation	Action
1. The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility.	GPEB, UVic
2. Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students.	GPEB
3. The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors.	Ministry of Education
4. Links to responsible gambling education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter.	Ministry of Education
5. The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials.	Ministries of Education, Finance and Health

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
<p>6. BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win.</p>	<p>In Progress</p> <p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming device (EGD) to our customers. Recently, OLG invested a significant amount into a pilot project of slot machine classifications. That pilot was completed in October 2017. While there were some positive findings, the results showed confusion with the messages, largely associated with too much information. In response, OLG is redesigning the messages and planning another launch. They anticipate findings from the new launch within six months – or summer 2018.</p> <p>Given the considerable investment already made by OLG, BCLC will await the OLG findings to develop a plan to effectively communicate this information to our players.</p> <p>BCLC is working with the Interprovincial Lottery Corporation's Responsible Gaming Group (RGG) towards compliance of this requirement. This requirement is expected to become mandatory for all new game themes released to BCLC and other Canadian Gaming Jurisdictions. Vendors will ensure that the Devices comply with any applicable standards of the Interprovincial Lottery Corporation's Responsible Gaming Group relating to disclosure of the odds of winning and return to player (the "Standards") within twelve (12) months of such Standards coming into effect.</p> <p>All vendors on BCLCs roster have agreed to this requirement as part of the executed contracts, and will strive to work with their R&D teams.</p>
<p>7. Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com.</p>	<p>In Progress</p> <p>Pilot launch of PlayPlanner has been postponed s.17,s.21</p> <p>s.17,s.21</p> <p>The most recent product delivered was successfully tested by quality assurance and onsite production validation. In March/ April 2018, BCLC will introduce PlayPlanner as a pilot program at one site for a 3-month period. PlayPlanner is a new, optional budgeting tool that enables Encore Rewards members the opportunity to set their gambling time and spend while playing on a slot machine or eTable game. The pilot program will enable BCLC to evaluate the tool in preparation for a provincial rollout.</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
<p>8. BCLC has conducted its third review of the Appropriate Response Training program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the Responsible Gambling Council.</p>	<p>Complete</p> <p>In the fall of 2015, BCLC enhanced its Appropriate Response Training (ART) program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required. In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
<p>9. BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour.</p>	<p>Complete</p> <p>BCLC added new training content for its Appropriate Response Training Level 1 course in March 2015. It is mandatory for all gaming workers in BC, and the content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
<p>10. GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres.</p>	<p>In Progress</p> <p>In December 2017, following Ministerial approval, BCLC and GPEB announced the GameSense Advisors (GSA) will transition to BCLC employee positions beginning April 1, 2018. BCLC will add staff and expand the GSA program province-wide into all BC gambling and entertainment facilities. The transfer of the GSA program will be a phased approach, with all planned hires by completed by September 2019.</p>
<p>11. BCLC is implementing a new Appropriate Response Training course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines.</p>	<p>Complete</p> <p>ART for BCLC's Customer Support team was launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
<p>12. BCLC will implement customized responsible gambling messaging to PlayNow.com account holders as well as BCLC Encore members.</p>	<p>In Progress</p> <p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV, and Southern Cross University to evaluate customized responsible gambling messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement, and above average unsubscribe rate.</p> <p>s.17, s.21</p>
<p>13. BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour.</p>	<p>In Progress</p> <p>Upon completion of recommendations 12 & 21 we will be in a better position to examine the impact of RG messages on behaviors.</p>
<p>14. BCLC has worked with the Responsible Gambling Council in developing and implementing their new Responsible Gambling Check accreditation program for online gaming. In anticipation of being the first online gambling platform to officially participate in this program, BCLC has initiated a number of changes in its approach to online responsible gambling, including better documentation of processes, policy reviews, and customer support training. The Responsible Gambling Council is auditing PlayNow.com.</p>	<p>Complete</p> <p>BCLC's PlayNow.com was certified by RG Check in June 2015 with the recertification scheduled for April 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>
<p>15. GPEB will update its Responsible Gambling Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia.</p>	<p>GPEB</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
16. The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care.	Ministries of Finance and Health
17. The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to continue a dialogue regarding policy and legislative decisions that involve expansion of gambling, issues related to the public health risks of gambling, and alignment of policies and practices. The working group will act as an advisory committee for government decision makers. It will have a mandate to ensure that gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling.	In Progress GPEB will lead the creation of this working group given their responsibility for gaming policy. They plan to have the group created by the end of March 2018.
18. The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers.	Ministry of Finance
19. Government and BCLC will consider long-term funding of the Centre for Gambling Research at the University of British Columbia in 2017.	In Progress BCLC and GPEB are currently working with UBC to establish long-term funding options for the Centre for Gambling Research. A proposal for the funding will be completed by the end of March, 2018.

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
20. GPEB and BCLC will undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines.	<p>In Progress</p> <p>BCLC and GPEB are developing plans to engage GREO to conduct a meta-review on this area. Funding will be from the withheld jackpot fund.</p>
21. GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia.	<p>In Progress</p> <p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data. BCLC and GPEB will develop a RFP by the end of March 2018 and commence the research from the withheld jackpot fund.</p>

Page 022 to/à Page 041

Withheld pursuant to/removed as

s.14

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION of Attorney General, Honourable David Eby, Q.C.

*The Interprovincial Lottery Corporation's Annual Shareholders Meeting –
Designation of Directors to the Board, and Minister's Proxy.*

ISSUE:

The Attorney General's Proxy Form and Designation of Directors Form require signature prior to the next Shareholders Meeting scheduled for September 26, 2017.

SUMMARY:

- The Interprovincial Lottery Corporation is hosting its mandatory annual Shareholder's meeting on September 26, 2017.
- The Minister's Proxy Form and Designation of Directors Form must be signed and delivered to the ILC by September 22, 2016.
- The General Manager of the Gaming Policy and Enforcement Branch (GPEB), John Mazure, should attend as the Minister's Proxy.
- There are no changes in recommended Director appointments or the Minister's Proxy from the previous year.

BACKGROUND:

- The Interprovincial Lottery Corporation (ILC) was established by the provincial lottery organizations in 1976 to operate joint lottery games across Canada. Today, the ILC oversees two regular games, Lotto 6/49 and Lotto Max, and Celebration (a special event lottery). Each provincial organization is individually responsible for marketing the national games within its own jurisdiction, and revenues are returned to each province in proportion to generated sales.
- Under the ILC agreement with shareholders (provinces and territories or their representative gaming corporations), British Columbia is entitled to have three directors and the B.C. Lottery Corporation (BCLC)'s CEO participate on the ILC Board of Directors.
- Current Directors from B.C. are:
 - Jim Lightbody, CEO and President, BCLC
 - Kevin Gass, Vice President, Lottery Gaming, BCLC, and current President of the ILC
 - Amanda Hobson, Chief Financial Officer and Vice-President, Finance and Corporate Services, BCLC
 - John Mazure, General Manager, GPEB, Ministry of Attorney General.

- The ILC requests all provinces designate a proxy to attend, act, and vote on behalf of their Minister responsible for gaming in instances where the Minister cannot attend the meeting. Only one proxy can be designated per province. Since January 2014, the General Manager, also Assistant Deputy Minister of GPEB, has acted as the Minister's Proxy for the Annual Shareholders Meeting.

DISCUSSION:

- John Mazure, Assistant Deputy Minister and General Manager should attend the 2017 Annual Shareholders Meeting as the Attorney General's proxy. There is no change from last year.
- The current Directors from B.C. should remain on the ILC Board of Directors.

RECOMMENDATION:

Sign the attached Proxy Form and Designation of Directors Form.

Prepared by:

Katie Harper
Policy Analyst
Gaming Policy and Enforcement Branch
250-356-6383

Approved by:

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
s.17

Attachment(s)

- 1) Designation of Directors Form
- 2) Proxy Form

DESIGNATION OF DIRECTORS
of the
Interprovincial Lottery Corporation
for the Year 2017-2018

Pursuant to Article 4 of the Unanimous Shareholders Agreement (the "Agreement") of the Interprovincial Lottery Corporation (the "ILC"), the Province of British Columbia is entitled to three (3) directors on the ILC Board of Directors.

Pursuant as well to Article 4 of the Agreement, the President and Chief Executive Officer of the British Columbia Lottery Corporation is also a member of the ILC Board of Directors and Executive Committee.

The following are therefore appointed to the ILC Board of Directors to hold office until the next ILC Annual Shareholders Meeting to be held in September 2018, or until successors have been duly appointed:

Province of British Columbia:	Current	In 2017-2018 (if different)
Appointee:	Kevin Gass	_____
	Amanda Hobson	_____
	John Mazure	_____

The President and Chief Executive Officer of the British Columbia Lottery Corporation and member of the Executive Committee:	Jim Lightbody
--	---------------

Signed in Victoria this _____ day of _____, 2017.

For the Government of British Columbia

Per:

Hon. David Eby, Q.C.
Attorney General

PROXY

The undersigned, Hon. David Eby, Q.C., Attorney General of the Government of British Columbia and holder of one (1) share of the Interprovincial Lottery Corporation ("ILC"), appoints _____ as proxy to attend, act and vote for and on behalf of the undersigned (including the signature of a waiver of notice) at the ILC Annual Shareholders Meeting when directors of the corporation will be nominated. The ILC Annual Shareholders Meeting will take place in Calgary, Alberta, on September 26, 2017.

Signed in Victoria this _____ day of _____ 2017.

For the Government of British Columbia.

Per:

Hon. David Eby,
Q.C. Attorney
General

September 5, 2017

The Honourable David Eby, Q.C.
Attorney General
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2

Dear Minister;

The Interprovincial Lottery Corporation (ILC) will hold its Annual Shareholders Meeting in Calgary, Alberta on Tuesday, September 26, 2017. We cordially invite you to attend as a Shareholder of the Corporation. In the event that you are unable to attend, we trust that the person you appoint to act as proxy will be present. In preparation for the meeting, please find herein:

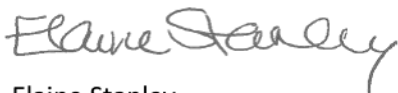
1. A **DESIGNATION OF DIRECTORS** form for you to name your appointees to the ILC Board of Directors for the year 2017-2018. For your convenience, the names of your current representatives are already listed. Please modify this information as required. If there is a vacancy, please name a new appointee. Please be advised that the Designation of Directors form is essential to the conclusion of the meeting's agenda.
2. A **PROXY** form, in the event that you are unable to attend the meeting, so that you may authorize the representative of your choice to act and vote in your stead at the meeting.

It would be greatly appreciated if you would ensure that both the **designation form** and the **proxy** (where appropriate) are returned by email to Margo Gerrard-Fletcher at gerrard-fletcher@ilc.ca.

Please be further advised that in order to comply with the *Canada Business Corporations Act* requirement is to provide copies of the financial statements to Shareholders before the Annual Shareholders Meeting. Please find enclosed the audited Financial Statements of the ILC for the year 2016-2017. A copy has also been sent to your provincial representative/proxy. These statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and will be presented at the Annual Shareholders Meeting. Additionally, in preparation for the Shareholders meeting, meeting materials will also be sent to you two weeks prior to the September meeting.

Thank you for your cooperation.

Sincerely,



Elaine Stanley
Executive Director and Corporate Secretary of the Board
Interprovincial Lottery Corporation

Encl.

- 1) Designation Form
- 2) Proxy
- 3) ILC Financial Statements

DESIGNATION OF DIRECTORS
of the
Interprovincial Lottery Corporation
for the Year 2017-2018

Pursuant to Article 4 of the Unanimous Shareholders Agreement (the "Agreement") of the Interprovincial Lottery Corporation (the "ILC"), the Province of British Columbia is entitled to three (3) directors on the ILC Board of Directors.

Pursuant as well to Article 4 of the Agreement, the President and Chief Executive Officer of the British Columbia Lottery Corporation is also a member of the ILC Board of Directors and Executive Committee.

The following are therefore appointed to the ILC Board of Directors to hold office until the next ILC Annual Shareholders Meeting to be held in September 2018, or until successors have been duly appointed:

Province of British Columbia:	Current	In 2017-2018 (if different)
Appointee:	Kevin Gass Amanda Hobson John Mazure	_____ _____ _____
The President and Chief Executive Officer of the British Columbia Lottery Corporation and member of the Executive Committee:	Jim Lightbody	

Signed in Victoria this _____ day of _____, 2017.

For the Government of British Columbia

Per:

Hon. David Eby, Q.C.
Attorney General

P R O X Y

The undersigned, Hon. David Eby, Q.C., Attorney General of the Government of British Columbia and holder of one (1) share of the Interprovincial Lottery Corporation ("ILC"), appoints _____ as proxy to attend, act and vote for and on behalf of the undersigned (including the signature of a waiver of notice) at the ILC Annual Shareholders Meeting when directors of the corporation will be nominated. The ILC Annual Shareholders Meeting will take place in Calgary, Alberta, on September 26, 2017.

Signed in Victoria this _____ day of _____ 2017.

For the Government of British Columbia.

Per:

Hon. David Eby, Q.C.
Attorney General



Financial Statements

Interprovincial Lottery Corporation

March 31, 2017

Page 050 to/à Page 073

Withheld pursuant to/removed as

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**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY & ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION of the Honourable David Eby, QC
Attorney General

ISSUE:

Status of the investigation related to potential community gaming grant fraud.

SUMMARY:

- Potential fraud of approximately \$35k was reported to RCMP in Surrey by Ecole KB Woodward Elementary. The fraud was related to community gaming grant funding provided by government to the school Parent Advisory Council (PAC).
- The treasurer of the Ecole KB Woodward Elementary School PAC was charged by the Prosecution Service, and has pleaded guilty to fraud and forgery charges. Sentencing is set down for November 14, 2017.
- Once the criminal proceeding has run its course, Gaming Policy and Enforcement Branch (GPEB) Compliance Division will consider the matter from an audit perspective.

BACKGROUND:

- Ecole KB Woodward Elementary School PAC Fraud (School District 36) reported to the Surrey RCMP in Sept 2016 it had been defrauded of \$35,000.
- GPEB Audit and the Community Gaming Grants program agreed not to conduct an audit of the PAC until the RCMP had completed their investigation into the missing funds.
- On July 21, 2017 the RCMP announced they have charged the PAC Treasurer with fraud over \$5000, theft over \$5000 and using forged bank statements; a warrant was issued for her arrest.
- The accused has pled guilty, and sentencing is set down for November 14, 2017. Both the school, and the PAC, intend to make victim impact statements.
- Given that the charges involved are significant theft and fraud charges, a period of incarceration is in the range of potential sentences for the accused in this matter.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Prosecution Service of British Columbia

Prepared by:

Dave Boychuk
Director
Gaming Policy & Enforcement Branch

s.17

Approved by:

John Mazure
Assistant Deputy Minister
Gaming Policy & Enforcement Branch

s.17

Page 075 to/à Page 077

Withheld pursuant to/removed as

s.16;s.15

Ussery, Camas AG:EX

Sent: Friday, September 15, 2017 9:31 AM
Subject: FW: fyi FW: BCLC - Letter for Minister Eby - AG Draft Reply with Briefing BN
Attachments: 2017.09.14 - Letter to Minister Eby re s.13 .pdf; ATT00001.htm; Attachment - a - Approval_Letters.pdf; ATT00002.htm; Attachment - b - 170905-Approval_fr_TB_Min_re_s.13 .Draft.docx; ATT00003.htm; Attachment - c - 170905-Order_in_Council-Draft.DOCX; ATT00004.htm

Begin forwarded message:

From: "Minister, AG AG:EX" <AG.Minister@gov.bc.ca>
To: "Smith, George AG:EX" <George.Smith@gov.bc.ca>, "Eby, David AG:EX" <David.Eby@gov.bc.ca>
Subject: fyi FW: BCLC - Letter for Minister Eby

From: King, Kim J M JAG:EX
Sent: Thursday, September 14, 2017 5:37 PM
To: Minister, AG AG:EX
Subject: FW: BCLC - Letter for Minister Eby

Hi Candice,

The Minister may have already received from Tanera, but forwarding to you for action just in case.

Thanks,
Kim

From: Suzanne Rowley [mailto:SRowley@bclc.com]
Sent: Thursday, September 14, 2017 5:28 PM
To: Nanninga, Tanera AG:EX
Cc: Fyfe, Richard J JAG:EX; Richter, Connie JAG:EX; Jim D. Lightbody; Amanda Hobson
Subject: BCLC - Letter for Minister Eby

Hi Tanera,

On behalf of Jim Lightbody, President & CEO of BCLC, please find attached letter and supporting documentation for the Minister's attention.

If you'd kindly forward it to Minister Eby at your earliest convenience, it would be appreciated.

Thank you & regards,
Suzanne.

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604 225 6399
srowley@bclc.com

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Page 080 to/à Page 081

Withheld pursuant to/removed as

s.13;s.17

Page 082 to/à Page 084

Withheld pursuant to/removed as

s.12;s.13;s.17

Page 085 to/à Page 095

Withheld pursuant to/removed as

s.13;s.17

MINISTRY OF ATTORNEY GENERAL
Gaming Policy and Enforcement Branch
BRIEFING NOTE

PURPOSE: For DECISION for Richard Fyfe, QC
 Deputy Attorney General

ISSUE:

The Ministry is currently working on a freedom of information request related to anti-money laundering (AML). The original target date for release of phase 1 was September 29, 2017 however Information Access Operations (IAO) has required more time to process the records, which are sensitive and voluminous. Additionally, consultations with BCLC and RCMP have been recommended for this release.

DECISION REQUIRED/ RECOMMENDATION:

To either delay the release of the first phase of the request, in order to permit more time for consultation with BCLC and RCMP, and to allow for a comprehensive review of the package, or continue working towards a September 29, 2017 release date.

s.13

SUMMARY:

- FOI FIN-2017-71581 concerns all reports and documents from the Gaming Policy and Enforcement Branch (GPEB) related to money laundering between February 2016 and May 2017. Due to the considerable volume of documents captured by this request, a phased release approach was negotiated with the applicant.
- The first phase of the release was originally set for the end of September with the applicant, the date of 29 September being the last business day of the month.
- s.13
- The first phase of the release is approximately 400 pages, and includes information which is sensitive to law enforcement, and for which IAO has recommended consultation with RCMP and BCLC.
- s.13
-

DISCUSSION:

s.13

Although the Ministry is not obliged to undertake the consultation, given the sensitivity of the information, consulting with both organizations is highly recommended. Extending the time frame by one week will also permit a more reasonable time window for senior executive review of the complete phase 1 release.

s.13

s.13

OPTIONS:

- Continue working towards a September 29, 2017 release of phase one information.

s.13

- Delay to October 6, 2017 (one week) the release of phase one information responsive to the request. s.13

s.13

s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

- none

DECISION APPROVED / NOT APPROVED

DATE:

Richard Fyfe, QC
Deputy Attorney General

Prepared by:
Dave Boychuk
Director
Gaming Policy & Enforcement Branch
250-508-7156

① MEDIA PLAN

② MJD NOTICE

Cliff: 430354

Date Prepared: October 25, 2017

Date Required: November 3 2017

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION of the Honourable David Eby, QC, Attorney General

ISSUE: Transfer of full responsibility of the GameSense Advisor (GSA) Program to the British Columbia Lottery Corporation (BCLC); and redirect Gaming Policy and Enforcement Branch (GPEB) funding to enhance problem gambling treatment programs.

DECISION REQUIRED/ RECOMMENDATION: Transfer the GSA Program to BCLC and retain \$1.2 million within GPEB for costs of anticipated increased demand for problem gambling services and expansion to broaden the continuum of services.

SUMMARY:

- An independent evaluation recommended the GSA Program be transferred to BCLC, resolving challenges presented by the BCLC / GPEB co-management model. GPEB and BCLC support the transfer.
- Because BCLC is willing to assume the \$1.2 million cost of the GSA Program, the program transfer provides an opportunity for GPEB to retain the GSA Program funding to address existing service gaps and fund anticipated increases in demand for services for at-risk gamblers.

BACKGROUND:

- GPEB and BCLC established Responsible Gambling Information Centres (RGIC) in 2005 as a point of contact to provide B.C. casino patrons with information about responsible gambling (RG) and problem gambling (PG) services and resources.
- In 2009, BCLC rebranded RGICs as GameSense Information Centres (GSIC) and RGOs as GameSense Advisors (GSAs). GSICs operate under a co-management model where BCLC is responsible for site management while GPEB is responsible for contracting GSAs. There are currently 24 GSAs in 17 casinos in B.C.
- In October 2013, the Provincial Health Officer (PHO) released a report entitled *Lower the Stakes: A Public Health Approach to Gambling in British Columbia*.¹ The report found the problem gambling program in B.C. meets the needs of a fraction of people with gambling problems and problem gamblers generate a disproportionate amount of gambling revenue. The report made 17 recommendations, including the following:
 - Improve the capacity of BCLC staff to actively identify and respond to problem gamblers in its venues, including Community Gaming Centres (CGCs); and,
 - Allocate at least 1.5 % of gaming revenue to RG and PG initiatives.

¹ *Lower the Stakes: A Public Health Approach to Gambling in British Columbia*

- In 2014, the Ministry of Finance released the *British Columbia Problem Gambling Prevalence Study*², which indicated that 125,000 British Columbians experience negative consequences as a result of gambling.
- In February 2015, government released its Plan for Public Health and Gambling³ (the Plan). GPEB, the Ministries of Health and Education, and BCLC collaborated to develop the Plan, taking into consideration the PHO report, the Prevalence Study and relevant research. The Plan included a commitment to expand the GSA Program to 19 CGCs. The expectation at the time was for GPEB and BCLC to work together to implement GSAs into CGCs, providing the same level of service as casinos. BCLC planned to fund the expansion within its 2015/16 budget.
- In July 2016, the Responsible Gambling Council (RGC) was contracted by GPEB and BCLC to evaluate the co-management program structure and delivery of the GSA Program and recommend a preferred service delivery approach. The RGC report recommends transferring responsibility for the GSA Program to BCLC.
- BCLC has already included the cost of \$1.95 million⁴ for taking over and expanding the GSA Program in their Annual Service Plan for 2018/19. Attorney General David Eby provided verbal support for this funding source as well as the transfer of the GSA Program to BCLC at an August 22, 2017 meeting.

DISCUSSION:

GSA Program Challenges

- A number of issues with the GSA Program are identified in the RGC Report, including the BCLC / GPEB co-management model leading to a lack of clarity with respect to GSA oversight and lack of GSA performance management.
- According to the RGC Report, transferring the GSA Program would allow for greater efficiency, role clarity and performance accountability. Given that GSAs spend between 70% and 80% of their time on RG as opposed to PG services, BCLC would assume the primary role of delivering RG services to patrons in casinos. This provides an opportunity for GPEB to enhance PG services to address existing service gaps if funding is retained.
- Enhancing PG services is significant because B.C. spends less per capita than almost all provinces on RG and PG services and far less than recommended by the PHO. *Figure 1* shows the total (both core government and Crown Corporation) per capita expenditure on RP and PG services across provinces for which data is available. Also included is the per capita expenditure if B.C. met the PHO recommendation of 1.5% of net provincial gaming revenue.

² 2014 B.C. Problem Gambling Prevalence Study

³ Responsible and Problem Gambling in B.C. – A Plan for Public Health and Gambling in B.C. February 2015

⁴ \$1.2 million to take over existing GSA Program and \$750,000 to expand program to CGCs

**Figure 1. Total per capita expenditure on responsible and problem gambling
(FY 2015/16)⁵**

Copyright

- Current RPG funding (total expenditure = \$9.33 million, 0.71% of net gaming revenue to government)
 - RPG funding with expansion of GSA to CGCs (total expenditure = \$10.08 million, 0.76% of net gaming revenue to government)
 - RPG funding with expansion of GSA to CGCs and retention of current GSA program expenditure (total expenditure = \$11.28 million, 0.86% of net gaming revenue to government)
 - PHO recommendation (total expenditure = \$19.7 million, 1.5% of net gaming revenue to government)
-
- The most significant risk of transferring responsibility for GSAs to BCLC is a real and perceived conflict of interest between assisting players with gambling problems while at the same time having responsibility for generating gambling revenue. This risk could be mitigated by requiring BCLC to report out regularly to GPEB on pre-determined GSA Program performance targets and GPEB performing regular audits of program performance.
 - Of the four Canadian provinces reviewed in the RGC report, three (Ontario, Manitoba and Nova Scotia) contract a third party to deliver RG/PG services in casinos while

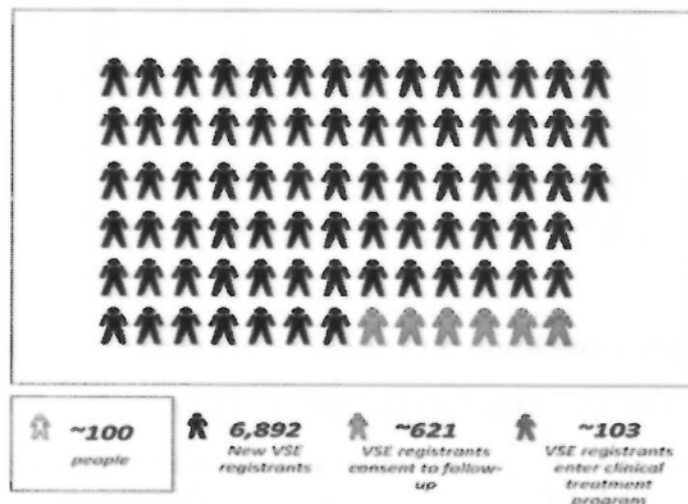
⁵ Source - Gambling Digest 2015/16, produced by the Canadian Partnership for Responsible Gambling (data not available for AB and NL).

Saskatchewan's Crown Corporation is responsible for operating two casinos and delivers RG/PG services in those casinos directly.

Referral Gaps

- GPEB has identified areas within its PG program where the funding from the GSA Program could be reallocated to address critical service gaps.
- GPEB's clinical treatment program reaches a fraction of the people who experience problem gambling. In 2016/17 the program provided counselling and treatment services to 1,390 people, which represents 1.1% of the estimated 125,000 problem gamblers in B.C.
- In addition, GPEB's treatment program reaches a fraction of the people who have signed up for BCLC's Voluntary Self-Exclusion (VSE) program.⁶ In 2016/17, BCLC had 6,892 new VSE registrants. Only 9% (621) of these registrants agreed to a follow up call with GPEB's RG/PG program and only 1.5% booked an appointment for clinical counselling.

Figure 2. Individuals who sign up for VSE and access GPEB service



- In casinos, GSAs are trained to identify and intervene when a person may be experiencing problems with gambling. This same support is not available to players who gamble online. British Columbians have access to thousands of online gambling websites, over which GPEB does not have regulatory authority. Even on BCLC's online gambling site, PlayNow.com, there is no intervention for players that show clear signs of distress.

⁶ BCLC's Voluntary Self Exclusion Program is available to individuals who want to exclude themselves from gambling activities in order to help them control their gambling behavior. At the time of enrollment, individuals can choose the time period of their exclusion, ranging from six months to three years and they can choose the type of gambling activities for their exclusion, including facilities with slot machines, commercial bingo halls or PlayNow.com. They are also ineligible to be paid for any jackpot prize they may win while enrolled in the program.

- Research exploring the trends and tendencies of Internet gamblers suggests that online gamblers are at increased risk of problem gambling.⁷ Given the continued increase in online gambling, the need to provide PG services to online players will only grow.

Continuum of Service and Increased Demand

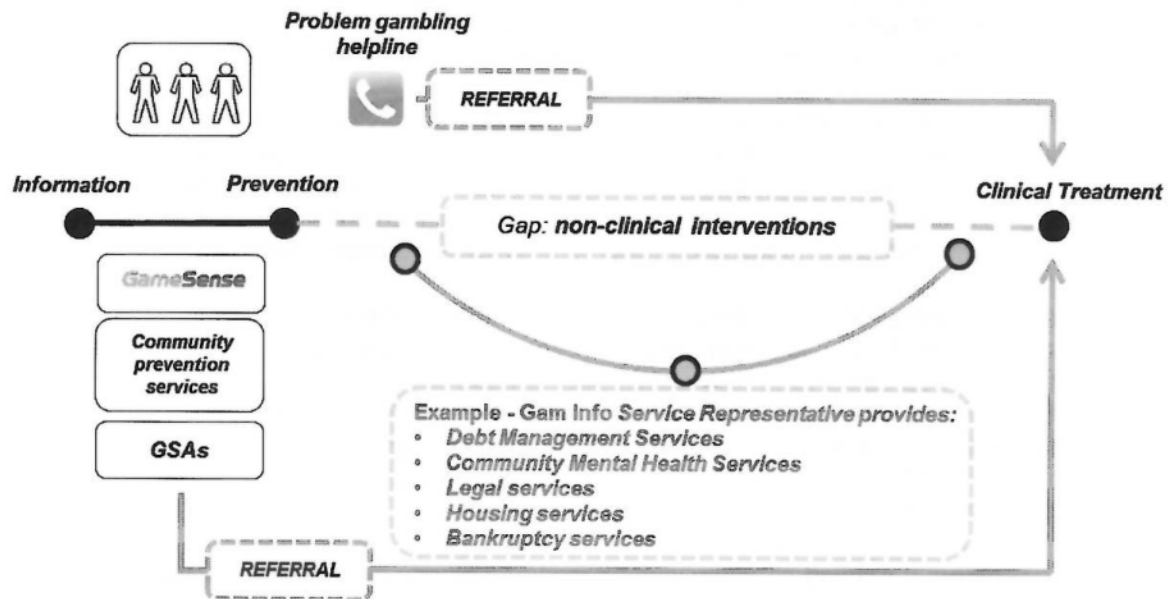
- The Plan includes GPEB's commitment to updating its Responsible Gambling Standards to include online gambling. These standards will include the requirement for BCLC to connect with players who are displaying signs of distress and make referrals to PG services as appropriate. This is expected to increase demand for GPEB's PG services.
- It is anticipated the expansion of the GSA Program to CGCs will also increase the demand for GPEB's PG services through GSAs referrals.
- The Office of the Superintendent of Bankruptcy Canada has recently recommended to B.C. bankruptcy trustees that they make accessing counselling services a condition of bankruptcy discharge where problem gambling is a causal factor in bankruptcy. GPEB anticipates increased demand for counselling services as a result of these referrals.
- GPEB also anticipates increased demand for counselling services because of plans to implement follow-up calls to individuals who sign up for the VSE Program. At the time of self-exclusion, VSEs are required to opt-in to indicate whether they would like to receive follow-up calls after they have self-excluded. These follow-up calls provide program participants with the opportunity to connect with GPEB's treatment services.
- Instead of requiring VSE Program participants to opt-in to follow-up calls, GPEB is recommending that BCLC change the VSE process so that participants will automatically receive a follow-up call unless they specifically choose to opt-out. This automatic opt-in approach has been shown to increase service uptake in other business areas. GPEB estimates there will be an increase of 25-50% in the number of new VSE participants being contacted by GPEB and approximately 8% increase in VSE participants receiving clinical counselling services.⁸
- GPEB's problem gambling services include free one-to-one clinical counselling as well as intensive day-treatment programs. GPEB does not have a continuum of service for people who are suffering harms from gambling but are not ready for or in need of full treatment.
- The cost per client for counselling is relatively high and may not be the right referral path for every individual experiencing gambling related harms. Supplementing current services with a greater continuum of service would allow GPEB's PG services to reach a greater number of people at lower cost per client.

⁷ 2014 B.C. Problem Gambling Prevalence Study

⁸ GPEB estimates this approach would result in an increase to the number of individuals who agree to this follow-up discussion of **25-50%**, or between approximately **155** and **310** $[(X*9\%)*25\%]-[(X*9\%)*50\%]$ additional VSE registrants. GPEB also estimates between approximately 25 and 50 additional VSE registrants would be directed to the clinical treatment program annually under this approach.

- GPEB is piloting a mobile, early-intervention service in the Lower Mainland to support at-risk gamblers. The Gam Info Rep Service Pilot is a support service that provides information, interim counselling, and referrals and accompaniment to resources, including bankruptcy, legal, housing, community mental health and debt management services. The Gam Info Rep works closely with GSAs, counsellors, prevention specialists and the bc211 Helpline⁹, providing in-person, over-the-phone, live-text and chat support services.
- The Gam Info Rep Service Pilot gives problem gamblers the option to remain anonymous, addressing stigma and other barriers that deter people from seeking treatment. Expansion of this service to additional locations across the province is an example of how GPEB could address existing service gaps and offer a broader continuum of service. *Figure 3* shows the existing continuum of services offered in B.C., the existing gaps and an example of how the service gap could be filled.

Figure 3. RG and PG service continuum



OPTIONS:

Option 1: Transfer the GSA Program to BCLC and retain \$1.2 million within GPEB for cost of addressing existing service gaps (e.g. expansion of the Gam Info Rep Service Pilot) and projected increased demand for PG services.

Implications:

- Both GPEB and BCLC support the transfer of the GSA Program to BCLC;
- Meets government commitment to expand GSA Program to CGCs;

⁹ bc211 is a confidential, multilingual telephone and texting service that provides free information and referral to a full range of community, social, and government services, and operates twenty-four hours a day, seven days a week.

- Increased funding aligns with PHO recommendation to increase spending on RG / PG services, moving B.C. from .71% to .86% of net gaming revenue (see *Figure 1*);
- Addresses lack of clarity in GSA oversight and performance management by eliminating the co-management structure;
- Allows GPEB to meet anticipated increase in demand for PG services; and,
- Allows GPEB to address existing service gaps and delivers a broader continuum of service that meet the changing needs of at-risk gamblers at a lower cost per client.

Option 2: Transfer the GSA Program to BCLC and absorb the \$1.2 million into the Ministry or Government Reporting Entity to address other cost pressures.

Implications:


- Both GPEB and BCLC support the transfer of the GSA Program to BCLC;
- Meets government commitment to expand GSA Program to CGCs;
- GSA Program funding can be used to address other cost pressures within Ministry;
- Addresses lack of clarity in GSA oversight and performance management by eliminating the co-management structure;
- GPEB's RGP may not be able to meet anticipated increase in demand for PG services; and
- Missed opportunity to address existing service gaps and deliver a broader continuum of service that meets the changing needs of at-risk gamblers at a lower cost per client.

Option 3: Status Quo. Do not transfer the GSA Program to BCLC and maintain service and funding levels as is.

Implications:

- Does not meet government commitment to expand GSA Program to CGCs;
- Does not address lack of clarity in GSA oversight and performance management by maintaining co-management structure; and,
- Missed opportunity to address existing service gaps and deliver a broader continuum of service that meets the changing needs of at-risk gamblers at a lower cost per client.

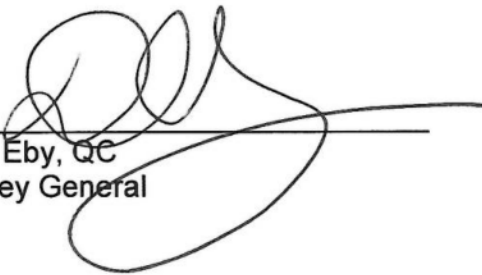
RECOMMENDATION: Option 1



Richard J. M. Fyfe, QC
Deputy Attorney General

October 30, 2017

OPTION 1 APPROVED



David Eby, QC
Attorney General

DATE:

October 31, 2017

Cliff: 430354

Date Prepared: October 25, 2017

Date Required: November 3 2017

Prepared by:

Jennifer Carnie

Policy Analyst

Gambling Policy and Enforcement Branch

(250) 356-7909

Approved by:

John Mazure

Assistant Deputy Minister

Gambling Policy and Enforcement Branch

(250) 381-1301

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY & ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION for David Eby, QC
Attorney General

ISSUE:

The Ktunaxa indigenous community, which is the operator of the St Eugene Mission Resort (SEM) and the Casino of the Rockies, s.16,s.21
s.16,s.21

Sophie Pierre, OOC, OBC, Hereditary Chief of Ktunaxa generally speaks for the nation in these matters, and is set for a meeting with the Attorney General and Minister of Finance on 9NOV2017. s.16,s.21
s.16,s.21

SUMMARY:

s.16,s.17,s.21

In the intervening period since agreement was reached with Ktunaxa in respect of Host Financial Assistance (HFAA) and Destination Assistance Compensation (DAC) agreements, BCLC is planning to introduce a new Operational Services Agreement (OSA). s.16,s.21
s.16,s.21

s.16,s.22 HFAA assistance is required to support works in the public interest, is funded through the Gaming Policy and Enforcement Branch Vote and is a completely separate matter from the OSA issue.

Ktunaxa originally had two business partners in the SEM enterprise, the Rama in Ontario, and the Samson Cree in Alberta. Ktunaxa recently s.16,s.17,s.21
s.16,s.17,s.21

On a separate track, BCLC has engaged with all casino operators in furtherance of implementing new OSAs. The new OSA structure changes some operating commission rates, imposes a unified capital development commission, and improves BCLC's ability to ensure ongoing investment in gambling facilities. s.16,s.17,s.21
s.16,s.17,s.21

s.16,s.17,s.21

Generally, host local governments receive a payment equal to 10% of net win. In two cases capital development assistance is also provided, bringing the effective total of net win to 33%. s.16,s.17,s.21
s.16,s.17,s.21

s.16,s.17,s.21

BACKGROUND:

Ktunaxa

- The Ktunaxa Nation (Ktunaxa) is the host local government, and beneficial owner of Casino of the Rockies in Cranbrook. Ktunaxa speaks for five indigenous groups: Aqam, Akisqnuk, Yaqan Nukiy, Tobacco Plains, and Shuswap Indian Band.
- s.16,s.17,s.21
- In June 2016 Ktunaxa engaged with the Gaming Policy and Enforcement Branch (GPEB) on a number of s.16,s.17,s.21
s.16,s.17,s.21
- Of the three issues, all are substantially complete;
s.16,s.21
- Ktunaxa have engaged with BCLC in respect of operations of the casino. BCLC is providing assistance to Ktunaxa in terms of advisory services on floor redesign, out of cycle refresh of some gaming equipment (primarily slot machines), and increased marketing services;
- Casino of the Rockies is one of a small number of gambling facilities in the province where the relevant First Nation is the host local government, in this case Ktunaxa is also the beneficial owner of the casino and resort;

- The resort itself is a former residential school, which Ktunaxa have developed into a casino and resort, and which is held out in the local community and throughout the province as a place for sharing in the traditions of the local First Nations (the Shuswap Indian Band share physical proximity);

DAC

- s.16,s.21
s.16,s. The usual practice was for HLG payments to accrue at a rate of 10% of net gaming income, and DAC at a rate of 23.34%, yielding a total take from net gaming income of 33.34%. s.16,s.21
s.16,s.21
- DAC were developed and signed in approximately 1999, generally for 10 years with a 10 year extension. Only 4 jurisdictions entered into DAC agreements, of these only two agreements are currently operative, Casino of the Rockies and Starlight Casino in the City of New Westminster

OTHER MINISTRIES IMPACTED/CONSULTED:

- GPEB is engaged with the Ministry of Indigenous Relations and Reconciliation (MIRR) in this matter. s.16,s.21
s.16,s.21

Prepared by:
Dave Boychuk CPA, CMA
Director
Operations Division
250-508-7156

Approved by:
John Mazure
Assistant Deputy Minister
Gaming Policy & Enforcement Branch
s.17

Attachment(s)
n/a

November 20, 2017

Ministry of Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

Re: Supplemental Mandate Letter dated October 2, 2017

I write in follow up to the supplemental Mandate Letter dated October 2, 2017 and seeking clarification regarding one aspect of the letter.

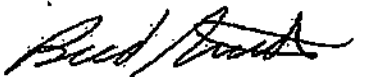
In paragraph 2(a), BCLC is directed to proactively share "information about any new games that BCLC intends to introduce..." (emphasis added). As the direction is not limited to new lottery schemes but rather new games, it captures a broad category of products and could have unintended operational consequences for both BCLC and GPEB.

Taken literally, the direction would require BCLC to submit information to GPEB in advance of undertaking any new game – such as a scratch & win lottery ticket, or a new slot machine. Accordingly, we ask that you provide further clarification as to what constitutes a 'new game' so that we are able to confidently comply with every aspect of the supplemental Mandate Letter.

We suggest that one appropriate clarification would be: "information about any new games, excluding variations of existing games or similar games already being offered by BCLC...". This would ensure that new initiatives that have the potential to expand gaming into new areas of product would receive appropriate GPEB consultation but would not inhibit BCLC's ability to make operational decisions about games already in the marketplace. It is also consistent with the intent of s. 7(2) of the *Gaming Control Act* which requires BCLC to seek ministerial approval for new types of lottery schemes – meaning that future initiatives would have oversight but that current products need not be revisited.

We would be happy to discuss this issue at your convenience and would welcome a conversation with yourself and GPEB to help ensure that both organizations move forward with a common understanding of this direction.

Yours truly,



Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

RECEIVED

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80700-01/GPEB

DEPUTY ATTORNEY GENERAL

previous: 430161,

429514

bclc
playing it right

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Ussery, Camas AG:EX

From: Minister, AG AG:EX
Sent: Monday, December 18, 2017 3:36 PM
To: Addo, Wolfgang AG:EX; Nanninga, Tanera AG:EX
Subject: Wolfgang - For logging please - Invitation for February 2018***FW: BCLC-Invitation to attend New Horizons Conference, Feb 13-18, 2018
Attachments: 2017 12 18 Letter to Minister Eby-Invitation to New Horizons.docx

From: Sandra Newvine [<mailto:SNewvine@bclc.com>] **On Behalf Of** Susan Dolinski
Sent: Monday, December 18, 2017 3:17 PM
To: Minister, AG AG:EX
Cc: Nanninga, Tanera AG:EX
Subject: BCLC-Invitation to attend New Horizons Conference, Feb 13-18, 2018

Dear Minister Eby,

Please find attached an invitation to our upcoming New Horizons in Responsible Gambling conference in February 2018.

Regards,
Susan

Susan Dolinski
Vice President, Social Responsibility & Communications
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604-228-3096 F 604-225-6422 C 604 833 0051

sdolinski@bclc.com
bclc.com

Last year, more than \$1 billion generated by BCLC gambling supported health care, education and community groups across B.C.

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

Email for Ministers office:

It is my distinct please to invite the Minister to attend BCLC's annual **New Horizons in Responsible Gambling Conference** at the Hyatt Regency Vancouver from **February 13-15, 2018**.

Now entering its sixth year, the BCLC-hosted New Horizons conference encourages new learning and understanding of practices to increase safer gambling practices and decrease gambling-related harms, as per BCLC's Player Health Strategy.

New Horizons presents an excellent opportunity for the Minister to give opening remarks at the conference and highlight the additional investments the government is making in responsible and problem gambling resources, as well as the Province's commitment to investments in public health.

More than 250 delegates attend the annual conference, including thought leaders in the responsible gambling field, internationally recognized experts in broader areas of mental health and addiction, researchers, academics, treatment/prevention workers, media and public.

This year, we are featuring two exciting keynote speakers: Neil Pasricha, New York Times bestselling author of *The Book of Awesome*, who will speak about stigma and mental health; and Johann Hari, New York Times bestselling author, journalist and TED talk presenter, who will tackle better ways to define, understand and address addiction.

We are able to offer six complimentary registrations for the Minister and his staff, valued at \$695.

More information on the conference, and registration, can be found here: horizonsrg.bclc.com

Please use the following code when registering to receive the discount: **GOV18** – Free ticket, max 6.

If the Minister cannot attend, you are welcome to transfer the complimentary registration to someone else within the ministry, or perhaps extend the invitation to the Minister and Ministry of Mental Health and Addictions staff.

Please don't hesitate to contact me if you have any questions about the conference. We look forward to seeing you there.

Best regards,

Susan Dolinski

VP, Social Responsibility and Communications, BCLC

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION for Honourable David Eby, Attorney General

ISSUE: Meeting with the Horse Council of BC and issues raised about Great Canadian Gaming Corporation's (GCGC) operation of British Columbia's two main horse racetracks

SUMMARY:

- The horse racing industry across North America has been in decline for the past two decades. Direct government support currently accounts for 39 per cent of total income to the industry.
- The General Manager of the Gaming Policy and Enforcement Branch (GPEB) has statutory authority for regulating horse racing. Management of *non-racing* related operations of horse racetracks in B.C. does not fall within these authorities.
- Unlike other types of commercial gambling, the conduct and management of horse racing is done by the private sector. As such, GPEB's authorities related to horse racing extend to the integrity and safety of horse racing.
- Horse racing is regulated under a separate section of the *Criminal Code* and is the only gambling sector that is regulated by both the federal and provincial governments.
- The British Columbia Lottery Corporation (BCLC) has no statutory authority related to horse racing.

BACKGROUND:

- On November 7, 2017, Ministerial Assistant to Minister David Eby, Sam Godfrey and five members of GPEB Executive staff met with the Horse Council of BC (HCBC).¹
- The views of HCBC are not necessarily reflective of all participants in the horse racing industry or of the Horse Racing Industry Management Committee, which brings together the breed associations and the track operator with a mandate to revitalize the industry.
- At the November 7th meeting, the HCBC raised the following five key points:
 - Number of months of live racing is a significant problem and is negatively impacting the financial well-being of the industry (currently 60-days of live racing while optimally needing 8-10 months);
 - s.13
 -

¹ The Horse Council of BC is a not-for-profit association representing the interests of the entire equine industry in B.C. The organization represents all horse related disciplines such as show jumping, dressage, and hunting. See: <http://www.hcbc.ca/>

- s.13
-

- In Alberta, Horse Racing Alberta, a crown corporation established by the *Horse Racing Alberta Act*, regulates, conducts and manages the horse racing industry.³ Horse Racing Alberta also issues all licenses required for horse racing and distributes all funding provided to the industry.⁴ In 2017/18 Horse Racing Alberta is forecasted to collect \$35 million in gambling revenues from slot machines to support their mandate.
- The regulation of horse racing across Canada varies between the provinces. Six provinces have dedicated regulators for horse racing (Alberta, Manitoba, and the four Maritime Provinces share a single regulator). In the remaining four provinces (B.C., Saskatchewan, Ontario and Quebec), the provincial gambling regulators also regulate horse racing. Ontario is the most comparable province to B.C. in terms of how their industry is regulated and operated. See Appendix A for how horse racing is regulated and operated across Canada.

Legal Context of Horse Racing in B.C.

- s.14

-

s.13

³ The corporation's mandate is: (a) to govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms; (b) to protect the health, safety and welfare of race horses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; (c) to safeguard the interests of the general public in horse racing.

⁴ For Horse Racing Alberta's most recent annual report, see; <http://thehorses.com/files/HRA2016ReportWeb.pdf>

⁵ Association is exhaustively defined in s. 204(11): Association means an association incorporated by or pursuant to an Act of Parliament or of the legislature of a province that owns or leases a race-course and conducts horse-races in the ordinary course of its business and, to the extent that the applicable legislation requires that the purposes of the association be expressly stated in its constating instrument the organization's charter or mandate), having as one of its purposes the conduct of horse-races.

⁶ Section 44(1)(a) of the *Gaming Control Act* requires a horse racetrack to be licensed to operate. GPEB considers the successful completion of an operator's corporate registration to be a licence.

- As horse racing is regulated under a separate section of the *Criminal Code*, it is the only gambling sector that is regulated by both the federal and provincial governments. The Canadian Pari-Mutuel Agency (CPMA) is a special federal agency operating within Agriculture and Agri-Food Canada that regulates and supervises pari-mutuel betting in Canada on horse races.
- GPEB is responsible for the overall integrity of horse racing under Section 27 of the *Gaming Control Act*. The General Manager has extensive authorities related to the regulation of horse racing such as issuing licences to hold a horse race or to manage or operate a race track. The Act states the General Manager must not conduct and manage horse racing.
 - For example, GPEB judges/stewards may cancel a horse race if they believe the track conditions are unsafe in order to protect the integrity of that race. The unsafe track conditions may be due to poor track maintenance. Therefore, while GPEB may cancel a race due to poor track maintenance, GPEB cannot in turn require maintenance be done on the track.
- BCLC has no statutory authority related to horse racing. BCLC has a conduct and management role with respect to casino gambling and/or slot machines located at racetracks.⁷
- Repealed in 2010, section 7(1)(b) of the *Gaming Control Act* granted the Minister authority to direct BCLC to manage horse racing on behalf of government. That authority was never exercised. The section was repealed as BCLC was never intended to have a role in horse racing and the Horse Racing Industry Management Committee (HRIMC) was being established.⁸ Additionally, for the Minister to direct BCLC in such a way would have required further amendments to the Act to add horse racing into BCLC's mandate.

Horse Racing in B.C.

- Historically, horse racing was the first legal form of commercial gambling permitted in Canada and, as such, did not have to compete for a share of the gambling market. Horse racing was also viewed as unique from other forms of gambling, due to its "sporting nature" and agricultural roots.
- In 1960, the British Columbia Racing Commission (BCRC) was established by the provincial *Horse Racing Act*, with a mandate to govern, direct, control and regulate horse racing. The Act and the BCRC was repealed and replaced by the *Gaming Control Act* in 2002. The *Gaming Control Act* amended government's role in horse racing to protecting the overall integrity of horse racing.
- There are only two horse racetracks currently conducting regular live racing in B.C.; Fraser Downs Racetrack in Surrey (exclusively Standardbred racing) and Hastings Racecourse in Vancouver (exclusively Thoroughbred racing). Both tracks have co-located casino gambling and/or slot machines.⁹

⁷ GCGC acts as BCLC's service provider for the casino gambling/slot machine co-located at Elements and Hastings. The current operating service agreement (OSA) for each facility expires in 2027. The OSAs do not consider the horse racing side of the business as BCLC has no authority related to horse racing.

⁸ Also repealed in 2010, all mention of horse racing in section 7, Lottery Corporations Mandate. See May 27, 2010 Hansard Debate found: <https://www.leg.bc.ca/content/Hansard/39th2nd/H0527am-01.pdf>

⁹ Fraser Downs/Elements has both slots and table games. Hastings Racecourse has slot machines.

- Both tracks are located on land that is owned by their respective cities and are leased to subsidiaries of GCGC¹⁰ for the operation of the racetracks and co-located casinos. The lease with the City of Surrey expires in April 2024. The lease with the City of Vancouver has been extended multiple times; in 2012, 2014, and 2016. The current term expires in November, 2019. These leases permit GCGC to conduct horse racing at the respective tracks while GPEB licenses authorize it.
- Small seasonal horse racetracks are located throughout B.C.¹¹ Those tracks are operated by volunteer associations for one-off events. In recent years, there has not been adequate support within these volunteer organizations to operate races in these locations.
- There is also simulcast wagering on horse racing in B.C., where races from other jurisdictions are 'imported' at teletheatres throughout the province (there are currently 19 teletheatres in B.C.). Simulcast wagering accounts for 95 per cent of total money wagered on horse racing in B.C.
- Similar to most jurisdictions, there is a minimum number of live race days that are required in order to operate a teletheatre. In B.C., the minimum number of race days is 10 per year as established by section 90(1)(a) of the federal *Pari-Mutuel Betting Supervision Regulations*.
- Horse racing has been in decline across North America for the past two decades. Horse racing had failed to modernize and remain relevant while other forms of legal gambling (ie lotteries and casino) became available in B.C.
- The horse racing industry in B.C. began receiving direct government funding in 1980. The 'horse racing improvement fund' drew 2 per cent of total handle (total amount of money wagered) to the owners and breeders.¹²
- Government agreed to renewed requests from the horse racing industry for a share of government gambling revenues to support their industry as the popularity of commercial gambling grew through the 2000's. The horse racing industry successfully argued that government had encroached on their business. In 2004, government approved the installation of slot machines at Hastings Racecourse and Fraser Downs. It was agreed that 15.5 per cent of net revenues from slot machines at the tracks be allocated to the industry in order to fund purses, enhance live racing and bolster the province's agricultural sector.
- Revenues from the racetrack slots were lower than anticipated. The Province agreed to top-up the slot machine revenues with an additional \$4 million in each of 2011 and 2012, making a total annual grant in those years \$10 million.
- In the late 2000's, the horse racing industry had declined^{s.13}
The horse population was plummeting, which meant the ability to conduct racing was at risk and wagering was in steep

¹⁰ GCGC acquired these leases in 2004 and 2005 respectively.

¹¹ Other tracks that have operated in the past 5 years include Desert Park in Osoyoos, Sunflower Downs in Princeton, and Kin Park in Vernon.

¹² *Province of British Columbia Horse Racing Review*, 1999. Prepared by PricewaterhouseCoopers for the Gaming Policy Secretariat.

decline (wagering on live horse racing in B.C. fell from \$100 million in 1997 to \$29 million in 2007).

- The racing industry went to then-Minister responsible for gaming, Rich Coleman, to request assistance.
- In 2009 the Horse Racing Industry Management Committee (HRIMC) was formed to bring the industry together under a single team to work towards the revitalization and sustainability of the declining industry. The Committee deals with the overall financial¹³ and operational aspects of the industry and provides the strategic direction for the horse racing in B.C. This role is founded in a Memorandum of Agreement (MOA) between member organizations. While the HRIMC is not, and has never been, a government body, the involvement of Minister Coleman and GPEB in the creation and early days of the Committee leads many to believe that it is.
- From inception until 2014, the General Manager acted as the HRIMC Chairman. In 2014, given advice from Legal Service Branch (LSB), s.14¹⁴ Today, its membership consists of representatives of both the Standardbred and Thoroughbred horse racing sectors as well as the track operator, GCGC, and an independent member, currently the CEO of BCLC. GPEB's Director of Racing sits as an observer on the committee.
- The HRIMC spent many of its early years disentangling and simplifying a hugely complex financial situation with a goal of having industry partners share risks and opportunities in order to stabilize and sustain the industry. This resulted in the cancellation of unprofitable race days and cost cutting.
- In late 2012, the Province agreed to a request from the HRIMC to increase the industry's share of net slot machine revenues at the two racetracks to 25 per cent (from 15.5 per cent), effectively replacing the top-up grants while keeping the level of funding at approximately \$10 million per year going forward. There is no formal agreement between government and the industry, beyond public statements from government officials, to provide these funds. Overall, government support for the industry has risen from \$4.2 million in 2005/06, to \$11.7 million in 2016/17. During the same timeframe, wagering on live horse racing in B.C. dropped from \$29 million to \$8.1 million annually.
- The industry has directly received over \$100 million in net slot machine revenue since 2004.

Recent complaints related to Fraser Downs

- Complaints have been received since 2013 from participants from both the Standardbred and Thoroughbred sectors regarding concerns about GCGC's operation of the tracks. These complaints coincide with the start of significant cuts to race days at both tracks.
- In 2015, GCGC invested \$11 million in renovating the casino at Fraser Downs Racetrack and renamed the entire facility Elements Casino. The horse racing industry has reflected

¹³ The HRIMC is responsible for distributing all revenues earned from horse racing. The distribution of funds is determined through an agreement between the breed associations and GCGC. The current funding agreement expires Dec. 31, 2018 and distributes funding as follows: 43.2% to GCGC, 33.635% to the Thoroughbred sector, and 23.165% to the Standardbred sector.

s.14

that it was not consulted during the renovations, resulting in Elements Casino adding screens to their windows obscuring viewing of horse racing. Since the renovation and re-branding, complaints from the Standardbred sector have escalated as members suggest GCGC is only interested in investing in the casino side of the business and is neglecting the horse racing side.

- GPEB also received an increase in complaints from the Standardbred sector in the winter of 2017 after nine race days were cancelled at Fraser Downs after heavy snowfall and cold temperatures caused the track conditions to deteriorate. There was public criticism of GCGC for failing to immediately rectify the situation and the sub-optimal track and facility conditions. One day was rescheduled in early January and additional four days were added in October 2017 to make up for the lost days.
- Any amendment to the model for horse racing operations in B.C. would require legislative changes to the *Gaming Control Act* as well as action by the two municipal governments that hold the leases for the two race tracks.

○ s.13,s.16

Prepared by:

Rachel DeMott
Senior Policy Analyst
Strategic Policy and Projects Division
Gaming Policy and Enforcement Branch

s.17

Approved by:

Michele Jaggi-Smith
Executive Director
Strategic Policy and Projects Division
Gaming Policy and Enforcement Branch

s.17

Approved by:

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch

s.17

Attachment: Appendix A: Horse Racing Regulation & Operation Across Canada

Appendix A:

Horse Racing Regulation & Operation Across Canada

Province	Regulator	Conduct/Manage/ Operate	Government Support	Number of Active Tracks (Thoroughbred & Standardbred)
British Columbia	Gaming Policy and Enforcement Branch (Ministry of Attorney General)	Horse Racing Industry Management Committee (Private sector – industry assoc.)	25% of net slot revenue from co-located casino	2
Alberta	Horse Racing Alberta (Crown Corp)	Horse Racing Alberta (Crown Corp)	51 ^{2/3} % (to be reduced to 40% by 2018/19) of net slot revenue at co-located casinos	4
Saskatchewan	Saskatchewan Liquor and Gaming Authority (SLGA) (Crown Corp)	Saskatchewan Liquor and Gaming Authority (Crown Corp)	Grant from SLGA	1 (+5 rural tracks w/ 2-6 race days per year)
Manitoba	Manitoba Horse Racing Commission (Crown Corp)	Manitoba Horse Racing Commission (Crown Corp)	Grant from Dept. of Agriculture, Food and Rural development	1
Ontario*	Alcohol and Gaming Commission of Ontario (Crown Corp)	Ontario Racing Association (Private sector – industry assoc.) Ontario Lottery and Gaming (Crown Corp)	25% of net slot revenue from co-located casinos	14
Quebec	Régis des alcools, des courses et des jeux (Ministère de la Sécurité publique)	Industry association (private entity – industry association)	Receives government support (unknown what mechanism)	1

New Brunswick	Atlantic Provinces Harness Racing Commission (Agency of the Council of Atlantic Premiers)	Horse Racing New Brunswick (Private entity – industry assoc.)	No financial support from the provincial government	2
Newfoundland and Labrador	Atlantic Provinces Harness Racing Commission (Agency of the Council of Atlantic Premiers)	St. John's Racing and Entertainment Centre Incorporated (private entity)**	N/A**	0**
Nova Scotia	Atlantic Provinces Harness Racing Commission (Agency of the Council of Atlantic Premiers)	Unknown	Grant from provincial government	3
Prince Edward Island	Atlantic Provinces Harness Racing Commission (Agency of the Council of Atlantic Premiers)	Affiliate of Atlantic Lottery Corporation (Crown Corp)	Grant from provincial government	2

* On April 1, 2016, the Ontario Racing Commission ceased operations and on that date, as mandated by the *Horse Racing Licence Act, 2015*, the regulatory responsibilities for horse racing were transferred to the Alcohol and Gaming Commission of Ontario (AGCO). Non-regulatory functions were transferred to other organizations. See <https://www.agco.ca/horse-racing/horse-racing-ontario-who-does-what> for more information.

** There is currently no racing in Newfoundland. The final race occurred in 2016.

Ussery, Camas AG:EX

From: Minister, AG AG:EX
Sent: Thursday, December 28, 2017 10:02 AM
To: Addo, Wolfgang AG:EX
Subject: Please log for Information - with a referral created to CCU - Many thanks! FW: BCLC Response to your correspondence
Attachments: 2017.12.18 - Letter to ^{s.22} re customer experience.pdf

From: Suzanne Rowley [<mailto:SRowley@bclc.com>]
Sent: Monday, December 18, 2017 2:40 PM
To: ^{s.22}
Cc: Minister, AG AG:EX
Subject: BCLC Response to your correspondence

Dear ^{s.22}

On behalf of Jim Lightbody, President & CEO of BCLC, please find attached letter in response to your correspondence.

Thank you & regards,

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604 225 6399
srowley@bclc.com
bclc.com

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December 18, 2017

Via email: s.22

s.22



Attention: s.22

Dear s.22

Thank you for your letters dated April 13 and August 5, 2017 regarding BCLC's Sports Action policies and processes, and the disappointing experience you had when requesting information from our Customer Support Centre. I have reviewed the history of our correspondence with you and have asked my team to improve how we respond to written inquiries. While the Customer Support Team responded to your letter dated August 5th, unfortunately my office has no record of ever receiving your letter dated April 13th until it was sent with your August 5th letter, received by BCLC on August 10th.

I would like to sincerely apologize for the unsatisfactory responses to your requests for information, and assure you that we are enhancing our correspondence procedures. We very much value the input from consumers and appreciate your interest in BCLC and your suggestions for how to improve the Sports Action experience.

I hope to provide some clarity related to your comments about single-event sports betting, currently prohibited under Canadian law. As a Crown Corporation, we must balance the need for revenue generation with a commitment to social responsibility and integrity. This includes conformance to all applicable legislation, regulations and laws.

We know that single-event sports betting is very popular and, if federal legislation changes, BCLC will look closely at how we could offer single-event sports betting here in B.C. For now, our players must wager on a minimum of two different events at one time.

I would also like to provide some information about how and when odds are set. In order to protect the interest of our players, our company and the sports betting industry itself, there are times when we need to adjust the odds and spreads. Any point spread changes that happen during bet placement stops the betting process and requires the player to accept those changes before making a transaction.

There are many reasons as to why the odds/spreads require adjustment, including weather changes, sickness, injuries and betting patterns across the industry. In order to keep the games fair for all, we make adjustments to keep the lines in close measure to the rest of the sportsbooks around the world. Many of our players wait until just before the games takes place in order to place their bets, hoping to have the most information possible to predict the result.

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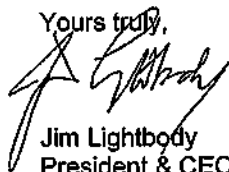
T 604.215.0649
F 604.225.6424
bclc.com

I recognize that you have other valuable comments regarding our Sports Action product and policies, which I have passed along to my team.

In addition, I have asked my Customer Support Centre to prioritize your call should you wish to discuss and/or obtain further clarification. Please call toll-free, daily, between 7 a.m. and midnight, and the team will ensure that you speak with a manager or receive a call back from one.

Thanks again for your valuable comments and feedback.^{s.22}

Yours truly,

A handwritten signature in black ink, appearing to read 'J. Lightbody', is written over the typed name.

Jim Lightbody
President & CEO

cc: Minister David Eby, QC, Attorney General
Bud Smith, BCLC Board Chair

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY & ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION Honourable David Eby, QC
Attorney General

ISSUE:

A meeting is scheduled for 3 January 2018 with two members of the Tsleil-Waututh Nation (TWN), Mr. Leonard George, Director of Economic Development and Chief Negotiator, and Mr. Reuben George, Vice President of Social Gaming (and Project Manager of Sacred Trust). s.16

s.16

s.16

Page 125 to/à Page 126

Withheld pursuant to/removed as

s.16

Page 127 to/à Page 135

Withheld pursuant to/removed as

s.13

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION of David Eby, QC
Attorney General

ISSUE:

Online gambling service providers offer services to British Columbians outside of the Province's regulatory framework, impacting the integrity of gambling and creating a public safety risk for people who access these sites.

RECOMMENDATION:

Implement **Option 6**: s.13
s.13

Invest further policy and legal resources to explore:

- **Option 1**: s.13,s.14
s.13,s.14
- **Option 1A**: s.13

SUMMARY:

- On December 6, 2017 the Gaming Policy and Enforcement Branch (GPEB) and the Legal Services Branch (LSB) briefed the Attorney General on unregulated online gambling.
- s.13,s.14
- GPEB and LSB have developed six main options, some of which target unregulated online gambling service providers while others target players. Several of these options are not mutually exclusive and could be pursued together:
 1. s.12,s.14
s.12,s.14 advertising gambling services or otherwise conducting gambling business in B.C. and provide sanctions for contravention;
 2. s.13,s.14
 - 3.
 - 4.
 - 5.
 - 6.
- Options 1 through 5 require significant additional policy and legal analysis.

BACKGROUND:

- The *Criminal Code* prohibits gambling except when the provincial government or its agent conducts and manages commercial gambling in that province (monopoly model). In B.C., only the British Columbia Lottery Corporation (BCLC), as an agent of the Crown, can conduct and manage commercial gambling.
- BCLC operates PlayNow.com, the only regulated online gambling website in B.C.
- GPEB estimates that there are approximately 2,200 unregulated online gambling websites that offer services to British Columbians. These websites pose public safety risks, including risk of fraud, identity theft, theft, and money laundering, predatory behaviour such as odds changing throughout gameplay, unclear and unfair rules of play, lack of responsible gambling features and connections to problem gambling services, and access by minors.
- Unregulated online gambling could be most easily addressed at the federal level because of the broad prohibition on gambling in the *Criminal Code*. There was an FPT Working Group exploring Internet gambling and modernization of the gambling provisions in the *Criminal Code*. A sub-working group was also exploring whether there should be an amendment to the *Criminal Code* to permit provinces to implement a licensing model. s.13,s.16
s.13,s.16
- GPEB is working with other Canadian gambling regulators to raise concerns about the advertisement of unregulated online gambling websites with the Advertising Standards Council (ASC) of Canada.
- In addition, GPEB is currently pursuing research with BC Stats to measure the size and scope of the online gambling market in B.C. This research will support analysis of which model could be most effective at both protecting citizens and generating revenue for the province.
- GPEB and LSB briefed the Attorney General on the issue of unregulated online gambling in December 2017. The Attorney General asked GPEB and LSB to develop options that could be taken by the Province.

DISCUSSION / OPTIONS:


- GPEB and LSB have developed six main options, which are described in more detail in Appendix A. These options are intended to be opportunities for further exploration. Options 1 through 5 require significant additional policy and legal, including constitutional, analysis.

s.12,s.13,s.14

4. s.12,s.13,s.14

5.

6. s.12,s.13,s.14



Richard J. M. Fyfe, QC
Deputy Attorney General

OPTION ____ APPROVED

David Eby, QC
Attorney General

DATE:
JAN 30 2018

DATE:

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Approved by:
John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
s.17

Attachment:
Appendix A

Page 141 to/à Page 146

Withheld pursuant to/removed as

s.12;s.14;s.13

Ussery, Camas AG:EX

Subject: FW: BCLC - AML Q3 F17/18 Report to Attorney General of BC
Attachments: 2018.01.30 - a - Letter to Minister Eby re AML Q3 Report for Fiscal 17-18.pdf;
2018.01.30 - b - Attachment to Letter - AML Q3 F17-18 Report to Attorney General of BC.pdf

From: Jen Viau [<mailto:JViau@bclc.com>]
Sent: Tuesday, January 30, 2018 7:07 PM
To: Minister, AG AG:EX
Cc: Fyfe, Richard J JAG:EX; Richter, Connie JAG:EX; Nanninga, Tanera AG:EX; Jim D. Lightbody; Bud Smith (bsmith@urbansystems.ca) (bsmith@urbansystems.ca)
Subject: BCLC - AML Q3 F17/18 Report to Attorney General of BC

Dear Minister Eby,

On behalf of Bud Smith, Chair of BCLC's Board of Directors, please see attached.

Kind regards,

Jen Viau

Executive Coordinator
President's Office, BCLC

2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3102

Connect with us:

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.



Think Green, keep it on the screen! Please only print if necessary

This email is intended only for the addressee. It may contain confidential or proprietary information that cannot be disclosed without BCLC's permission. If you have received this email in error, please notify the sender immediately and delete the email.

January 30, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

**Re: Anti-Money Laundering (AML) Quarterly Report for the third quarter of
Fiscal Year 2017/2018**

I am writing to you as Board Chair of BCLC and in regard to your supplemental mandate of letter of November 28, 2017. I am pleased to provide to you the Anti-Money Laundering (AML) Quarterly Report for the third quarter of Fiscal Year 2017/2018.

From its outset, the AML framework at BCLC has been premised upon the federal legislative requirements set out in the *Proceeds of Crime Money Laundering & Terrorist Financing Act*, as well as formal written guidance provided specifically to the casino sector by both the Financial Action Task Force (FATF - the international governing body responsible for anti-money laundering requirements) and FINTRAC. The legislative requirements and the guidance create a risk-based approach to anti-money laundering and anti-terrorist financing controls (AML/ATF) which involves assessing potential risks and then targeting resources and efforts on preventing, detecting and responding to the highest identified risks. The norm for AML/ATF regimes is to work from a risk-based framework.

The MNP review completed for GPEB in 2016 includes recommendations that suggest moves away from a risk-based framework in casinos to a more prescriptive approach. One of those suggestions was to place a hard limit on the acceptance of cash (banknotes) at casinos that would apply to all transactions and all individuals irrespective of risk. MNP made no recommendation as to the amount of the limit. In light of this proposed shift to a more prescriptive approach, BCLC wanted to be prepared to offer advice on this approach should it be asked. BCLC has conducted analysis to determine a cash buy-in limit that will provide for a prescriptive level of control while still being operationally sound. BCLC, based on its analysis, believes that if a hard limit on cash buy-ins is desired, the limit should not be set at a threshold below \$25,000.

While BCLC and its Board of Directors believes that this prescriptive cash limit may be workable and can be implemented relatively quickly, our analysis does not suggest the move would be completely free of adverse impacts. BCLC believes its current risk-based approach, as mandated by FINTRAC and the FATF, provides the most effective AML/ATF controls.

I would also like to take this opportunity to advise you that BCLC has had open communications with Mr. Peter German and his team over the last few months as Mr. German has conducted his review, including his joint interview of the Chair and President & CEO. BCLC has provided open and unfettered access to any records

bclc
playing it right

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and materials Mr. German has requested. We have accomplished this by creating a secure record transfer protocol specifically for Mr. German and his team that allows access to anything needed while ensuring a very high level of security and protection for personal and other sensitive information. We look forward to Mr. German's final report and are preparing to take the action necessary to implement any recommendations falling within our purview or direction given to us by government.

Yours truly,

A handwritten signature in black ink, appearing to read "Bud Smith", with a stylized, cursive script.

Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1

QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA

Pursuant to the Amended Supplemental Mandate Letter dated November 28, 2017

REPORT FOR THE THIRD QUARTER FISCAL YEAR 2017/2018

BCLC PROVIDES THIS REPORT in accordance with Direction #3 set out in the Supplemental Mandate Letter:

German Recommendations

1. On December 18, 2017, BCLC completed the work necessary, save and except completion of consultations with GPEB, to implement German recommendation #1 expanding player source of funds declarations to all casino transactions of \$10,000 or more. Consultations with GPEB continued through the end of the quarter with implementation planned for January 2018.

Anti-Money Laundering/Anti-Terrorist Financing Program Normal Course Processes and Controls Changes

(BCLC presented items 3, 4, and 6 to the Attorney General at a briefing on October 23, 2017, and are updated here.)

2. On October 27, 2017, BCLC's Chief Compliance Officer met with FinTRAC senior management to consult on planned enhancements to BCLC's anti-money laundering regime. FinTRAC's input and guidance was received and informed planned changes.
3. To increase diligence and accountability with respect to anti-money obligations on the part of service providers, on October 27, 2017, BCLC's CEO wrote to the Gaming Policy and Enforcement Branch asking them to modify the terms of registration of all gaming service providers who offer table games requiring service providers to formally designate a Chief Compliance Officer who: 1) reports directly to the president, CEO, Board of Directors or beneficial owner of the service provider as the case may be; 2) holds credentials or has considerable experience related to Canadian anti-money laundering laws; and, 3) is granted, as evidence by company policy, unfettered authority to give operational direction related to money laundering concerns. This change is consistent with long standing terms of registration in at least one other large Canadian jurisdiction. This would focus compliance obligations for this critical function at the highest levels and create a much clearer line of responsibility within service provider organizations. Additionally, this change would give regulatory weight and force to similar contractual provisions in the new casino operating services agreement.

GPEB has responded advising that, in its view, this is not an appropriate term of registration and as such has declined BCLC's request.

4. s.15

s.15

the last quarter of 2017/2018.

This work will be complete in

5. On December 4, 2017, BCLC increased the controls on bank drafts. For a casino service provider to accept a bank draft, the draft must, in addition to the name of the payee, now include the name of the financial institution issuing the bank draft, the name of the payor, as well as the account number and name of the account holder from which the funds were drawn. To the extent a bank draft does not include this information on its face, a receipt from the issuing financial institution showing the required information must be presented to the casino along with the bank draft at the time of the casino transaction and the

required information must be recorded.

6. On December 14, 2017, BCLC implemented an upgrade to one of the systems supporting its anti-money laundering regime. ~~s.15~~
s.15
7. BCLC has implemented additional transaction tracking and monitoring processes related to bank drafts. On s.15
8. GPEB reported that bank drafts have been accepted at casinos where there are anomalies on the face of the bank draft giving rise to money laundering concerns. GPEB expressed concerns including: the name of the payee being left blank, the draft being made out to a person other than the player negotiating the draft at the casino, and illegible payee names. In response to these concerns, BCLC initiated a review which included a physical inspection of every bank draft and certified cheque accepted by the seven major casinos in the lower mainland for the January 2015 to November 2017 period. The review was conducted over a 20 day period from November 6-26, 2017. A total of 7,436 drafts and certified cheques were individually pulled from records and then reviewed and inspected. No anomalies were detected on or in relation to any of the bank drafts. BCLC has asked GPEB for copies of the bank drafts noted in their reports so that BCLC can take further investigative and corrective action and is awaiting a response from GPEB.
9. BCLC has analyzed the impacts of moving to a prescribed daily limit on cash buy-ins for table games products, per player, per gaming site. Based upon its research, BCLC is prepared to offer advice on the implementation and other implications associated with the imposition of a prescribed limit.

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
AND MINISTRY OF FINANCE**

JOINT DECISION NOTE

PURPOSE: For information and decision for the Honourable David Eby, QC, Attorney General and the Honourable Carole James, Deputy Premier and Minister of Finance

ISSUE: To provide information and suggest a strategic approach to addressing money laundering and tax evasion in British Columbia's real estate sector.

SUMMARY:

- The establishment of a task force to address money laundering and tax evasion in the real estate sector was an NDP election platform commitment. In November 2017, a Cabinet Submission was put forward to seek approval to implement this commitment.
- Upon review, the Priorities and Accountabilities Committee requested further work to
s.12
- The Gaming Policy and Enforcement Branch (GPEB) was assigned to develop a work plan for a multi-agency response to the issue. GPEB has identified areas within government that are currently working on matters related to tax evasion and money laundering in the real estate sector, and has considered how existing work may be coordinated to address these specific issues.
- The Ministry of Finance has been participating in a federal, provincial and municipal housing working group. Core members of the working group are Canada, BC, Ontario, Vancouver, and Toronto – federal and provincial regulators have also participated in the group. Discussion has centered on a wide range of housing issues including money laundering, tax evasion, and other compliance issues. The Ministry of Finance is now working on potential legislative amendments to address challenges faced by the Royal Canadian Mounted Police (RCMP) and the Canada Revenue Agency (CRA) in fulfilling their compliance mandate.
- There is also ongoing intra and inter-governmental policy work underway to address certain vulnerabilities in the real estate sector; however, these may be tangentially related to money laundering and tax evasion. There is currently no strategic and coordinated approach addressing these issues across government. s.16
s.16

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• s.13

• s.16

• s.13

• s.13

See Appendix D for an overview of each entity's role with respect to potential money laundering and tax evasion in the real estate sector.

BACKGROUND:

- The 2017 NDP election platform included a commitment to "...establish a multi-agency task force to fight fraud and money laundering in the BC real estate marketplace."¹ Ministerial mandate letters outline accountabilities linked to this commitment:
 - The Minister of Finance was directed to "...*reduce tax fraud and money laundering in the B.C. real estate marketplace.*"²
 - The Minister of Municipal Affairs and Housing was directed to assist in "*address[ing] speculation, tax fraud and money laundering in the housing market.*"³

¹ See p. 6 at <https://action.bcndp.ca/page/-/bcndp/docs/BC-NDP-Platform-2017.pdf>

² See p. 2 at <https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/james-mandate.pdf>

³ See p. 3 at <https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/robinson-mandate.pdf>

- In November 2017, the Ministry of Attorney General prepared a Cabinet Submission
s.12
- The Priorities and Accountabilities (P & A) Committee reviewed the proposal on
November 2nd 2017 s.12
- The Deputy Attorney General requested GPEB to propose an approach and work plan
for a multi-agency response to money laundering and tax evasion⁴ in the real estate
sector.

DISCUSSION:

- There are three indicators of indicate jurisdiction's vulnerability to money laundering and tax evasion in the real estate sector, all of which are at play in the BC's real estate market: (1) opaque beneficial-ownership structures; (2) low compliance with reporting accountabilities, and; (3) opportunities to create complex, layered, and high-value transactions. Opaque beneficial ownership structures and opportunities to create complex, layered and high-value transactions are applicable to Canada as a whole and to each province in Canada (although the latter is accentuated in speculative and inflated housing markets). Low compliance with reporting accountabilities is likely much more prevalent in BC (and other provinces like Ontario). This is because significant housing price growth in those provinces has led to potentially large financial gains, which leads to speculative purchasing behaviour and can incent non-compliance with federal and BC reporting and tax obligations.

1. Opaque ownership structures

- Individuals seeking to engage in money laundering or tax evasion can obscure beneficial-ownership over their assets. The beneficial owner is the individual or entity that actually owns the asset or is otherwise the primary beneficiary of the interest.
- Beneficial-owners may establish corporate entities or nominate other individuals to hold title over real estate assets in trust, obscuring the nature of their residential ties. This can mitigate liability for some domestic taxes or relevant tax liabilities in countries that

⁴ It is important to distinguish between tax avoidance (the legal use of the tax system to modify financial position to mitigate tax liability) and evasion (the illegal use of the tax system to avoid tax liability).
s.13

have entered a tax treaty with Canada. Opportunities to obscure beneficial-ownership are also relevant to money laundering operations, as illicit funds may be channeled through corporate entities or nominees before being invested in the real estate sector.

- A recent decision of the Supreme Court of British Columbia (*Fu v. Zhu*, 2018 BCSC 9) considered a civil dispute related to several real estate transactions in British Columbia. The case highlighted the willingness of various parties to use opaque beneficial-ownership structures to gain an economic advantage, including the evasion of capital restrictions in China, mitigation of domestic tax liability, and retention of favourable mortgage terms. The decision generated wide publicity for issues related to beneficial-ownership in British Columbia's real estate sector.
- Without robust beneficial-ownership disclosure requirements, government has limited means to collect and monitor beneficial-ownership information related to the real estate sector to assist in anti-money laundering and tax compliance initiatives.

2. Non-compliance with reporting requirements

- Under the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLFTA), certain "reporting entities" (which include real estate developers, brokers, and sales representatives) must file large cash transaction reports with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) in some circumstances.
- There is evidence that the real estate sector has low compliance with this reporting requirement. Between 2012 and June 2016, FINTRAC found "significant" deficiencies in the practices at 468 of 823 Canadian real estate firms surveyed (57%) and "very significant" deficiencies at 28 (3.4%).
- Low compliance diminishes FINTRAC's ability to pursue cases of potential money laundering, and may signal that Canada's real estate sector is a low-risk vehicle for money laundering operations

• s.16

• s.16

3. **Complex, layered, and high-value transactions**

- Real estate transactions are often complex and require specialized intermediaries for services such as real estate brokerage, conveyance, and financial services. The use of various intermediaries increases vulnerability to money laundering and tax evasion.
- This vulnerability is accentuated in speculative and inflated markets – the potential to structure complex transactions in high-value assets make the sector an attractive site for money laundering and tax evasion.
- A review of money laundering investigations found that 50 percent of cases involved lawyers, and 38 percent involved real estate agents.⁵
- Real estate agents and brokers are required to report large cash transactions to FINTRAC. It is generally the case that lawyers (and mortgage brokers) handle money transactions and are therefore more likely to encounter the types of situations that FINTRAC is concerned about under its reporting framework.
- However, there is evidence of low compliance with this requirement across Canada. While lawyers were once designated as a reporting entity under the PCMLTFA, a 2015 decision at the Supreme Court of Canada struck down the reporting requirement for the profession on the grounds that it may compromise solicitor-client privilege.⁶

Relevant policy initiatives

- Ministry of Finance has been participating in a cross-government working group on a range of housing issues. The core membership includes the governments of Canada, British Columbia, Ontario, and the cities of Vancouver and Toronto. Topics have included money laundering, tax policy, information sharing, and the national housing strategy.

• s.16

⁵ The investigations were conducted by the Royal Canadian Mounted Police (RCMP). See: Schneider, S. (2004). *Money Laundering in Canada: An Analysis of RCMP Cases*. Nathanson Centre for the Study of Organization Crime and Corruption.

⁶ Canada (Attorney General) v. Federation of Law Societies of Canada. 2015 SCC 7

- The Ministry of Finance is also currently engaged in work related to beneficial-ownership disclosure rules in BC, which includes:
 - Leading work with the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) and the Land Title and Survey Authority (LTSA) regarding options to amend the *Land Title Act* to require disclosure of beneficial interest in land;
 - Leading work with the Ministry of Citizen's Services regarding proposals for improved transparency rules in the corporate registry, and;
 - Participating in the federal-provincial-territorial (FPT) "Working Group on Improving Beneficial Ownership Transparency in Canada," convened to develop proposals to improve the availability of beneficial-ownership information across Canada through coordinated legislative changes to business incorporation acts (federally and in all provinces). In December, 2017, federal/provincial/territorial Ministers of Finance reached an agreement and announced they each intend to table legislative changes by July 1, 2019 to ensure corporations hold accurate and up to date information on beneficial owners that will be available to law enforcement, tax and other authorities.⁷ This is an interim step until a complete set of coordinated legislative amendments can be developed and tabled by all governments in Canada to require the disclosure of beneficial ownership with corporate registries.
- The Government of British Columbia has limited options to unilaterally address tax evasion concerns, as the Canada Revenue Agency (CRA) has the bulk of auditing authority. However, the Ministry of Finance has developed a list of amendments to British Columbia's statutes designed to help address tax evasion and improve tax compliance.
- Real estate licensees and brokerages are licensed under the *Real Estate Services Act* (RESA). Under RESA, the Superintendent of Real Estate has the power to establish rules of professional conduct which are administered by the Real Estate Council of BC (RECBC).
- s.13

- GPEB also identified that the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) and the Ministry of Citizen's Services are each engaged in policy work relevant to vulnerabilities to money laundering and tax evasion in the real estate sector.

⁷ See the news release, backgrounder and agreement at the following links: <https://www.fin.gc.ca/n17/17-122-eng.asp>; https://www.fin.gc.ca/n17/data/17-122_3-eng.asp; https://www.fin.gc.ca/n17/data/17-122_4-eng.asp

- s.13

- s.13

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- s.13,s.16

NEXT STEPS

- While Ministry of Finance has been participating in a cross-government working group on housing issues and there is a range of ongoing intra and inter-governmental policy work currently being pursued to address certain vulnerabilities, government currently does not have the ability to provide strategic oversight to achieve coordination across ministries and relevant policy areas.

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- s.16

s.13

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s.17

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Page 161

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s.12

Page 162 to/à Page 163

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s.16

Page 164 to/à Page 165

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s.13

APPENDIX D: Contact information for Key Business Areas within the BC Government

Ministry/ Agency	Branch	Task/ area	Contact
Ministry of Attorney General	Gaming Policy and Enforcement Branch	Money laundering in the gaming sector.	Michele Jaggi-Smith Executive Director, Strategic Policy and Projects Division Michele.JaggiSmith@gov.bc.ca
Ministry of Public Safety and Solicitor General	Policing and Security Branch	Providing information on law enforcement resources and implications with respect to anti-money laundering	Wayne Rideout Executive Director, Serious & Organized Crime Initiatives Wayne.Rideout@gov.bc.ca
Ministry of Finance	Financial and Corporate Sector Policy Branch	<p>Pursuing transparency in corporate governance (beneficial-ownership disclosure rules) with respect to the real estate sector.</p> <p>Participation in the FPT Working Group on Improving Beneficial Ownership Transparency in Canada</p> <p>Amendments to REDMA to add transparency to the market for assignment of pre-construction condominium purchase and sale agreements</p>	Joseph Primeau A/Executive Director Policy and Legislation Division Joseph.Primeau@gov.bc.ca
Ministry of Finance	Tax Policy Branch	<p>Participation in FPT Working Group on Improving Beneficial Ownership Transparency in Canada</p> <p>Participation in cross-government working group on a wide ranging set of housing issues</p>	Andrew Avis Strategic Advisor, Policy and Legislation Division andrew.avis@gov.bc.ca
Ministry of Municipal Affairs and Housing	Housing Policy Branch	Leading in the development of a provincial housing affordability strategy	Doug Page Director of Policy and Legislation Doug.Page@gov.bc.ca
Office of the Superintendent of Real Estate	N/A		Thomas Taller Managing Director, Policy and Oversight Office of the Superintendent of Real Estate thomas.taller@gov.bc.ca

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
INFORMATION NOTE**

PURPOSE: For INFORMATION for David Eby, QC
Attorney General

ISSUE: Local Government Information Package on the Public Health Risks of Gambling

SUMMARY:

- The Gaming Policy and Enforcement Branch (GPEB) led the development of an information package for local governments to help inform them about the public health risks of gambling.
- This package fulfills a Government commitment made in the 2015 *Plan for Public Health and Gambling in B.C.*¹ in response to the Provincial Health Officer's (PHO) report titled *Lower the Stakes: A Public Health Approach to Gambling in British Columbia*².
- GPEB intends to post the package online and to advise local governments that currently host, or are interested in hosting, a gambling facility about the availability of the package.

BACKGROUND:

- In 2013, the B.C. PHO released *Lower the Stakes*, a report that examined gambling in B.C. and recommended strategies to minimize the negative effects of gambling on public health.
- In February 2015, government published *A Plan for Public Health and Gambling in B.C.* The Plan was the product of collaborative work by a cross-ministry working group from the Ministry of Finance, Ministry of Health, Ministry of Education, and B.C. Lottery Corporation (BCLC). The Plan focuses on responsible and problem gambling in B.C., and takes into consideration the PHO report recommendations, the findings from the 2014 Problem Gambling Prevalence Study³, and other relevant research and policy related to gambling, health, and education.
- The plan included 21 commitments⁴ aimed at delivering gambling in a socially responsible way. One of the 21 commitments was to:

"... develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers."

¹ [Responsible and Problem Gambling in British Columbia A Plan for Public Health and Gambling in British Columbia](#)

² [Lower the Stakes – A Public Health Approach to Gambling in British Columbia](#)

³ [2014 British Columbia Problem Gambling Prevalence Study](#)

⁴ Of the 21 commitments, 11 have been completed and 10 are underway (GPEB is working on two items, BCLC four items, and there are four joint commitments).

- Local governments receive a significant amount of information from BCLC and gambling facility service providers about the benefits of hosting a gambling facility, including 10% of net revenue from the gambling facility in their community. The commitment was intended to provide local governments with a comprehensive and easy-to-access package that would provide balanced information about the public health risks of gambling, helping them to make a more informed decision about whether to host a gambling facility.
- To fulfill this commitment, GPEB has created the attached information package for local governments in B.C., outlining the risks associated with problem gambling, the programs and strategies in place to minimize harm, and steps local governments can take to mitigate risks. The package also includes information on:
 - Problem gambling prevalence;
 - Revenue generated from problem gamblers;
 - High-risk games; and
 - The availability of alcohol and the impact of alcohol on gambling.
- GPEB worked closely with BCLC, the Ministry of Health, and the Centre for Gambling Research at UBC on the development of the package. All contributors have agreed to have their organization's logo included on the cover page of the package.

DISCUSSION:

- Once approved, GPEB intends to make the package available to the public from GPEB's website. Assistant Deputy Minister (ADM) and GPEB General Manager, John Mazure, will send a letter to all local governments and First Nations that host, or are adjacent to a community that hosts, a casino or community gaming centre, advising of the availability of the package.
- GPEB will work with BCLC to send the letter to all communities that are currently involved in a BCLC expression of interest process to become a host of a future gambling facility (i.e. City of Victoria, Corporation of Delta, City of North Vancouver, and Tsleil-Waututh Nation).
- In the future, BCLC will send the information package to all local governments that are involved in future expressions of interest for gambling facilities.
- Additionally, ADM John Mazure may include remarks about the information package in his speech at BCLC's New Horizons in Responsible Gambling Conference in Vancouver in mid-February 2018.

Prepared by:

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778 698-2986

Approved by:

Michele Jaggi-Smith
Executive Director
Gaming Policy and Enforcement Branch
778 698-2640

Approved by:

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch

s.17

Attachments:

1. Letter to host local governments from John Mazure, ADM and GM, GPEB
2. Hosting a Gambling Facility – A Local Government Information Package on the Public Health Risks of Gambling



Know your limit, play within it.

Dear municipal official/representative,

I am writing to you as a representative of a local government that currently hosts or is adjacent to a community that hosts a gambling facility, or is considering hosting a gambling facility in the future, to make you aware of an information package that is now available online.

The Gaming Policy and Enforcement Branch (GPEB) is responsible for the integrity of gambling in B.C. This includes regulatory oversight of commercial gambling conducted and managed by the British Columbia Lottery Corporation (BCLC), B.C.'s horse racing industry, and licensed charitable gambling events.

GPEB also delivers responsible and problem gambling programs that provide prevention, intervention, and treatment services.

GPEB has fulfilled a commitment, made in A Plan for Public Health and Gambling in BC (2015), to develop a standardized package of information that outlines the public health risks of gambling for communities that host a gambling facility. It was authored by GPEB, in consultation with BCLC, the B.C. Ministry of Health, and the Centre for Gambling Research at UBC.

Hosting a gambling facility brings both opportunities and challenges for local governments to consider. A local government that is considering whether to host a gambling facility may wish to look at a number of factors, including: economic, social, public health, and urban planning.

The online information package focuses on one factor, the public health risks associated with gambling, and includes information about problem gambling prevalence, the revenue generated from problem gamblers, high-risk games, and the impact of alcohol on gambling.

We are also including information about the tools that are available to help minimize harm of problem gambling on at-risk people in your community.

The information package is available on GPEB's website: [link TBC]

Sincerely,

John Mazure
Assistant Deputy Minister/General Manager of Gaming

Attachment 2 - Hosting a Gambling Facility – A Local Government Information Package on the Public Health Risks of Gambling

[Double click on image to open PDF]

.....
HOSTING A GAMBLING FACILITY

A Local Government Information Package
on the Public Health Risks of Gambling



Ministry of
Attorney General
Ministry of
Health



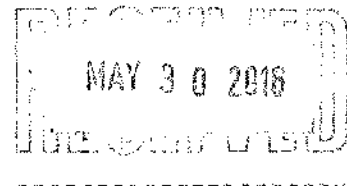
**CENTRE for
GAMBLING
RESEARCH
at UBC**



Financial Transactions and
Reports Analysis Centre
of Canada

Centre d'analyse des
opérations et déclarations
financières du Canada

1185 West Georgia Street, Suite 1120, Vancouver, British Columbia V6E 4E6
1185, rue West Georgia, bureau 1120, Vancouver (Colombie-Britannique) V6E 4E6



May 26, 2016

Len Meilleur
Executive Director
Compliance Division
Gaming Policy and Enforcement Branch
Ministry of Finance
P.O. Box 9309 Stn Prov Govt,
Victoria, British Columbia V8W 9N1

L.v.
Dear ~~Mr. Meilleur~~,

I am pleased to provide you with the revised Memorandum of Understanding between GPFB and FINTRAC. FINTRAC's Director signed both copies you provided on May 13, 2016. We have kept one and enclosed the other for your records. We look forward to continuing our strong relationship in the future.

In furtherance of the MOU, I have also included a copy of the reporting statistics from last year with originals sent to Anna Fitzgerald.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,

Murray Dugger
Regional Director – West
FINTRAC
604-666-8245

Enclosures: 2

Canada

MEMORANDUM OF UNDERSTANDING

**BETWEEN: THE FINANCIAL TRANSACTIONS AND REPORTS ANALYSIS
CENTRE OF CANADA**

represented by the Director and herein referred to as "FINTRAC"

**AND: THE BRITISH COLUMBIA MINISTRY OF FINANCE,
REPRESENTED BY THE GAMING POLICY AND
ENFORCEMENT BRANCH**

represented by the General Manager, ADM herein referred to as "GPEB"

hereinafter collectively referred to as the "Parties"

WHEREAS the Parties wish to establish a framework for sharing information between the Financial Transactions and Reports Analysis Centre of Canada and the British Columbia Ministry of Finance, represented by the Gaming Policy and Enforcement Branch in order to minimize any potential duplication or overlap of work given their common interests for combating money laundering and terrorist activity financing, and to minimize the impact on casinos regulated by GPEB of their respective activities in this regard.

The Parties have reached the following understanding:

1 INTRODUCTION

- 1.1 This Memorandum of Understanding (MOU) addresses exchanges of information between the Parties for the purposes specified in subsection 2.1 of this MOU. This MOU deals with information to ensure compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.
- 1.2 Paragraph 66(1) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* authorizes FINTRAC to, for the purpose of exercising its powers or performing its duties and functions under Part 3, enter into contracts, memoranda of understanding and other agreements with the government of a province in its own name or in the name of Her Majesty in right of Canada.
- 1.3 Subsection 65(2) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* specifies that for the purpose of ensuring compliance with Part 1 or 1.1, FINTRAC may disclose to or receive from any agency or body that regulates or supervises persons or entities to whom Parts 1 and 1.1 apply information relating to the compliance of those persons or entities with these Parts.
- 1.4 Subsection 65(3) of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* specifies that any information disclosed by FINTRAC may be used by GPEB only for purposes relating to compliance with Part 1 or 1.1.

- 1.5 Subsection 33.2(i) of the *Freedom of Information and Protection of Privacy Act* RS British Columbia, specifies that A public body may disclose personal information referred to in Section 33 inside Canada as follows to a public body or law enforcement agency in Canada to assist in a specific investigation: 33.2(I)
(i) undertaken with a view to a law enforcement proceeding , or
(ii) from which a law enforcement proceed is likely to result.

2 PURPOSE

- 2.1 This MOU establishes the administrative framework for the sharing of information by one party to this MOU to the other party, for the purpose of ensuring compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.
- 2.2 This MOU documents the information that the Parties may share between them for the purposes specified in subsection 2.1 of this MOU and the terms and conditions that apply to such sharing of information.
- 2.3 This MOU applies in respect of all casinos Regulated by GPEB in the Province of British Columbia to which Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* apply.

3 OFFICIALS

- 3.1 The following officials, for the Parties, have overall administrative responsibility for this MOU:

For FINTRAC:

Deputy Director

Operations

Financial Transactions and Reports Analysis Centre of Canada

234 Laurier Avenue West,

Ottawa ON K1P1H7

Telephone: 613-947-6859

Fax: 613-943-7931

For GPEB:

General Manager, Assistant Deputy Minister

Gaming Policy and Enforcement Branch,

3rd Floor 910 Government Street

Victoria, BC

V8W 1X3

- 3.2 The Parties may name other officials for other purposes in relation to this MOU.

4 COMMUNICATIONS

- 4.1 In order to promote the best cooperation possible in administering this MOU, the Parties agree to continuously monitor the operation of this agreement and to hold meetings of their officials, at mutually agreed upon times and locations, to discuss the results of compliance examinations and areas of mutual interest related to those programs.
- 4.2 The Parties agree that at least one meeting shall be held each year.

4.3 Both Parties will also, in a timely manner:

- 4.3.1 provide notice to the officials listed above of any new activities or initiatives, or of any change in legislation, regulations, operational policies and procedures, or practices, relating to their programs that may affect the administration of this MOU;
- 4.3.2 maintain close and on-going communication pertaining to their respective activities, as these may relate to any matters identified in this MOU; and
- 4.3.3 where appropriate, ensure timely communication / consultation occurs with respect to any existing issues and new or proposed measures, which may affect any activity or responsibility of either party outlined in this MOU.

5 CONFIDENTIALITY AND SECURITY OF INFORMATION

The information received by each party from the other will be treated according to the security classification assigned to it, and will be protected from further disclosure as provided by FINTRAC and in accordance with this clause. The information can only be used for purposes relating to compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

6 ADMINISTRATIVE DETAILS

Date in effect

- 6.1 This MOU shall come into effect immediately after it has been signed by both Parties, and shall remain in effect until terminated by the Parties in accordance with subsection 6.4.

Dispute resolution

- 6.2 Any unresolved disagreement with respect to this MOU shall be referred to the appropriate officials who have overall administrative responsibility for this MOU or any named officials identified for this purpose for consideration and resolution. If those officials are not able to resolve the disagreement, it shall be resolved by the persons occupying the positions of the signatories to this MOU.

Additions and amendments

- 6.3 This MOU may be amended at any time with the mutual consent of the Parties, and such amendments may be effected by an exchange of letters between the persons occupying the positions of the signatories to this MOU.

Termination

- 6.4 This MOU will be terminated ninety (90) days from the date one party gives written notice to the other party of their intention that the MOU be terminated. For this purpose, notice must be given by a person occupying the position of the signatory to this MOU.
- 6.5 This MOU may be terminated at any time, with the mutual consent of the Parties, through an exchange of letters between the persons occupying the positions of the signatories to this MOU.

7 NATURE OF THIS MOU

7.1 This MOU is an administrative understanding between the Parties and is not intended to be legally binding or enforceable before the Courts.

8 COST SHARING

8.1 The Parties agree that no costs are payable by FINTRAC for work routinely conducted by GPEB in accordance with this MOU.

8.2 In the event that FINTRAC requests GPEB to perform work, in addition to any work that GPEB would normally undertake for compliance with Part 1 and / or 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and that GPEB agrees to perform such work, FINTRAC agrees to reimburse GPEB the cost of such work in an amount agreed upon prior to the work being performed.

9 COMPLIANCE WITH PARTS 1 AND 1.1 INFORMATION THAT MAY BE RECEIVED BY FINTRAC FROM GPEB PURSUANT TO SUBSECTION 65(2) OF THE *PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT*:

9.1 GPEB agrees to disclose to FINTRAC the following information:

- 9.1.1 the name of each regulated casino that GPEB plans to examine for compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* during a given planning period and the term of the planning period;
- 9.1.2 a copy of GPEB compliance review program used to review policies and procedures to ensure compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;
- 9.1.3 the results of each compliance review undertaken by GPEB relating to compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;
- 9.1.4 a copy of the correspondence between GPEB and its regulated casinos and casino gaming service providers regarding any compliance deficiencies with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;
- 9.1.5 where applicable, a description of the actions, and results thereof, that GPEB has asked its regulated casinos to take to rectify any deficiencies identified; and
- 9.1.6 a description of progress made by its regulated casinos in taking the corrective actions identified.

10 COMPLIANCE WITH PARTS 1 AND 1.1 INFORMATION THAT MAY BE DISCLOSED BY FINTRAC TO GAMING POLICY AND ENFORCEMENT BRANCH, COMPLIANCE DIVISION, PURSUANT TO SUBSECTION 65(2) OF THE PROCEEDS OF CRIME (MONEY LAUNDERING) AND TERRORIST FINANCING ACT:

10.1 FINTRAC agrees to disclose to GPEB the following information:

- 10.1.1 compliance related information, such as guidance provided to casinos regulated by GPEB regarding the reporting, record keeping, client identification and compliance regime requirements, overview of issues arising from FINTRAC's compliance program including monitoring of GPEB's regulated casinos reporting performance, and other similar information that GPEB may use as part of its risk assessment when reviewing its regulated casinos for compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;
- 10.1.2 the results of FINTRAC's compliance actions regarding any casino regulated by GPEB with respect to compliance with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*; and
- 10.1.3 a copy of the correspondence between FINTRAC and casinos regulated by GPEB regarding their compliance deficiencies with Parts 1 and 1.1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*;

10.2 It excludes information that would directly or indirectly identify a client of a person or entity referred to in section 5 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

IN WITNESS THEREOF, this Memorandum of Understanding was signed in duplicate, each copy being equally authentic.

SIGNED in Ottawa, Ontario this 13 day of May, 2016.

**FOR THE FINANCIAL TRANSACTIONS
AND REPORTS ANALYSIS CENTRE OF
CANADA**

SIGNED in Victoria, British Columbia
this 4th day of May 2016.

**FOR THE BRITISH COLUMBIA
MINISTRY OF FINANCE,
REPRESENTED BY THE GAMING
POLICY AND ENFORCEMENT
BRANCH**



GÉRALD COSSETTE

Director of the Financial Transactions and
Reports Analysis Centre of Canada



JOHN MAZURE

General Manager, ADM
Gaming Policy and Enforcement Branch

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION of David Eby, QC
Attorney General

ISSUE: “Suspension” of the Information Sharing Agreement (ISA) between the British Columbia Lottery Corporation (BCLC) and Royal Canadian Mounted Police (RCMP) in fall 2015.

BACKGROUND:

Responding to Media inquiry regarding “suspension” of the BCLC-RCMP ISA

- In January 2018, BCLC released a Freedom of Information (FOI) request which included a document called *BCLC AML Chronology*.
- The chronology contains an entry near the end of 2016:

“BCLC/RCMP ISA suspended on the request of GPEB without notice or consultation with BCLC. BCLC objected and consulted with RCMP who reinstated. However, the [redacted] between Nov. 2016 and Sep 2017 effectively crippling BCLC’s ability to proactively ban organized crime figures.”

- Shortly afterwards a freelance reporter ^{s.22}) submitted a media inquiry to BCLC questioning why the BCLC/RCMP ISA was suspended and why it resulted in crippling BCLC’s ability to ban certain patrons.
- BCLC submitted its response to ^{s.22} inquiry to the Government Communications and Public Engagement (GCPE) office for review. BCLC’s recommended response was for ^{s.22} to contact GPEB as it was BCLC’s understanding that GPEB caused the suspension.
- GCPE engaged GPEB to confirm BCLC’s response. GPEB responded that the chronology entry in question was factually incorrect – specifically GPEB was not aware of nor did it request the suspension of the BCLC-RCMP ISA during the November 2016 and September 2017 period.
- GPEB further indicated that although it did have discussions with the RCMP regarding the appropriateness of the BCLC-RCMP ISA in fall 2015, at no time did GPEB request the RCMP suspend its ISA with BCLC.
- GPEB and BCLC subsequently agreed upon the following response to the ^{s.22} media inquiry:

“BCLC learned in October 2015 that our ISA with the RCMP had been suspended. RCMP communicated this to BCLC and indicated that GPEB proposed a new Memorandum of Understanding between GPEB and the RCMP instead of the ISA between BCLC and the RCMP. Subsequent discussions between the parties revealed that such a proposal had in fact not been made which led to a reinstatement of the ISA between BCLC and RCMP in November 2015.”

- The General Manager of GPEB indicated to the BCLC CEO that the agreed upon response accurately reflected events, specifically

“the emails indicate that GPEB certainly asked the RCMP about whether BCLC was the enforcement body with respect to the Gaming Control Act. It was the misunderstanding by the RCMP, including that an agreement with GPEB would replace the ISA with BCLC, that lead to the decision to suspend the ISA. I think the text above accurately reflects what BCLC was told by the RCMP and what GPEB asked the RCMP.”

Chronology of events regarding the “Suspension” of the RCMP ISA

- In September 2015, Len Meilleur, former Executive Director, Compliance, GPEB (hereafter, Meilleur) and Superintendent Sandro Colasacco, RCMP (hereafter, Colasacco) meet to discuss operational matters related to GPEB and RCMP, including a new GPEB-RCMP ISA.
- At this meeting, the BCLC-RCMP ISA was discussed. s.16
s.16
-
- Colasacco indicated he understood that the BCLC-RCMP ISA would be replaced by a yet to be developed ISA between GPEB and the RCMP.
s.16
-
- In early October 2015, Meilleur consulted with the Ministry of Public Safety and Solicitor General’s Policing and Security Branch (PSB) regarding the ISAs related to regulatory enforcement between provincial bodies and the police. PSB recommended these types of ISA be between the enforcement body (in the case of gambling regulation, GPEB) and police.
- In mid-October 2015, the BCLC CEO contacted the General Manager of GPEB and expressed his concern regarding the “suspension” of the BCLC-RCMP ISA. s.16
s.16

Active GPEB information sharing arrangements with Law Enforcement bodies

- GPEB currently has four active ISAs with law enforcement bodies:
 - MOU with the RCMP (2017) - The purpose of this MOU is to ensure the mutual sharing of all significant and required information for the Ministry (specifically GPEB) and the RCMP to each carry out its respective duties relating to *Gaming Control Act* offences, *Criminal Code* offences associated with lottery schemes, and any other matter that may affect the integrity of gaming.
 - MOU with Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) (2016) - This MOU establishes a framework for sharing information between FINTRAC and GPEB in order to minimize any potential duplication or overlap of work given their common interest for combating money laundering and terrorist activity financing, and to minimize the impact on casinos regulated by GPEB of their respective activities in this regard.
 - MOU National Integrated Interagency Information (N-III) Centre (2011) - This MOU allows GPEB to access and use information stored in databases maintained by the federal, provincial and municipal government for purposes related to the law enforcement *mandate* of GPEB.
 - JUSTIN Electronic Access Agreement (with PSSF Court Services) – This agreement provides GPEB investigative staff with online access to JUSTIN, a secure web-application that provides integrated case-tracking functionality to support criminal case processing in British Columbia. The application provides a common, province-wide database of criminal cases.

See attachment 1 for copies of these 4 agreements.

Prepared by:

Rachel DeMott
Senior Policy Analyst
Gaming Policy and Enforcement Branch
250-356-6383

Approved by:

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
s.17

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Withheld pursuant to/removed as

s.16

**BCLC
BRIEFING DOCUMENT**

Date Prepared: February 20, 2018

Prepared By: Jim Lightbody

Phone Number: 604-225-6412

Contact: Jim Lightbody
President and CEO
BCLC

Email: jlightbody@bclc.com

TITLE: Virtual Reality Game Concept Testing

PURPOSE:

(X) FOR INFORMATION

TITLE: Virtual Reality Game Testing

ISSUE: Virtual Reality Game Concept Testing

SUMMARY:

- BCLC is exploring the potential for virtual-reality games in a gambling context. One of the concepts that is being pursued is a virtual-reality escape room game whereby players attempt to solve challenges in order to escape a virtual room.
- BCLC is testing the game on a free-to-play basis in order to get player feedback. The concept game does not have a gambling component.
- BCLC has not yet determined potential distribution channels; however, players have indicated that they enjoy the social component of playing virtual reality games in a physical environment with friends and spectators.
- BCLC recognizes that further development and testing in the market is required. Should the game be deemed viable as a lottery scheme (as per the Gaming Control Act) it will require approvals from the Gaming Policy and Enforcement Branch and our Minister.

BACKGROUND:

- In order to entertain customers and sustain long-term business growth, BCLC will continue to offer new games and entertainment experiences that keep pace with trends and expectations.
- Players have told BCLC's content innovation team that they are interested in games that present an opportunity to 'escape' day-to-day activities, therefore the inspiration of an escape room was developed.
- BCLC identified that virtual reality technology would be the best medium to deliver such an experience. BCLC has been exploring the escape room game concept since 2016.
- BCLC is aware of several virtual reality games that are being offered on a free-to-play basis as additional entertainment in casinos in the U.S.; however, to BCLC's knowledge, none currently offer it with a gambling component.
- In early 2017, through a three-quote procurement process, BCLC procured the services of Archiact Interactive to develop a prototype of the game, in order to conduct non-gambling customer testing. The purpose of these tests was to determine if players enjoy the game.

- Early testing achieved favorable results so in April 2017 BCLC conducted further testing in a larger public environment at one of the entertainment amenities located at a casino (off the gaming floor).
- In March 2018, BCLC plans to conduct additional testing in the lounge at Grand Villa casino (off the gaming floor). Further testing and work will be required to determine the market viability of the game as a gambling product.
- As the value of work is approaching the direct award threshold, BCLC issued a Notice of Intent on B.C. Bid to continue development and establish a contract with Archiact Interactive until December 31, 2019.

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION for the Honourable David Eby, QC
Attorney General

ISSUE:
Renewal of the agreement to fund the Centre for Gambling Research at the University of British Columbia (UBC).

DECISION REQUIRED:
A decision is required whether to continue funding the Center for Gambling Research at UBC.

SUMMARY:

- Government and the British Columbia Lottery Corporation (BCLC) invested \$2 million over a five-year period to establish and support the Centre for Gambling Research at UBC (the Centre). The funding is drawn from the Voluntary Self-Exclusion¹ Ineligible Win Fund (VSE fund). The final year of funding in the current contract is 2017/18.
- If funding is renewed, the Gaming Policy and Enforcement Branch (GPEB) would become a signatory with BCLC and UBC in a new five-year contract valued at \$1.37 million. The funding would continue to be drawn from the VSE fund.
- The contract would fund a named Chair position for the Centre.
- The VSE fund is held by BCLC and has a fluctuating balance.
- The 2015 *Plan on Public Health and Gambling* committed government and BCLC to consider long-term funding of the Centre.

BACKGROUND:

- The Centre for Gambling Research at UBC (the Centre) was established to create a central hub for responsible and problem gambling research in B.C. The Centre opened in November 2014 and has become a leading global institution in responsible and problem gambling-related research. The Centre has been featured in the Canadian media and recently secured a Natural Sciences and Engineering Research Council of Canada (NSERC) Discovery Grant valued at \$195,000 over five years as well as a prestigious *Canadian Institutes of Health Research* grant valued at \$600,000 over ten years.
- The Centre contributes valuable research to the problem gambling academic research sector. The Centre has focused its research in three primary areas: harms of modern slot machines, online gambling engagement, and the neuroscience of gambling addiction. See Appendix A for a UBC Director's Report on research completed by the Centre.

¹ Voluntary Self Exclusion is a BCLC program that allows players to choose a period of time to exclude themselves from B.C. gambling facilities (including PlayNow.com). During the exclusion period, the player is not eligible to win gambling prizes. Gambling prizes won by excluded players are not distributed to the player, but are kept in the Voluntary Self Exclusion Ineligible Wins Fund for problem gambling research.

- There is significant potential for GPEB and BCLC to directly use research from the Centre to inform government policy development. Currently, research conducted at the Centre is chosen by a combination of faculty, specific research grants, and an Advisory Council.² One member from both BCLC and GPEB sit on the Council.
- Government supported BCLC to enter into an agreement with UBC to provide a total of \$2 million over a five-year period; \$1 million in the first year (2013/14) and \$250,000 in each of the four subsequent years. This money is drawn from the VSE fund which is held by BCLC.
- As BCLC holds the VSE fund, GPEB was not included in the original contract between BCLC and UBC. The new contract will be amended to include GPEB.
- If a decision is made to renew the contract, GPEB, on behalf of government, will become a signatory with BCLC and UBC. This will help mitigate concerns that there is a perception of a conflict of interest with the provider of commercial gambling services in B.C. being the only party to the contract with UBC.
- The 2015 *Plan on Public Health and Gambling* committed government and BCLC to consider long-term funding of the Centre.³
- British Columbia spends less per capita than almost all provinces on responsible and problem gambling services.⁴

DISCUSSION:

UBC Centre's request

- Funding provided from the VSE Fund under the current contract accounts for nearly 100% of the Centre's total staffing budget. At this time, the Centre does not have any additional significant funding sources for Centre staff. Given this, the Centre is at risk of closing without this continued funding.
- The UBC Centre's current annual budget is approximately \$250,000. The Centre has presented projected financial statements showing a need for an annual budget of approximately \$273,000 over the next five years to account for projected benefits and annual cost of living and progression increases of the Centre's staff.
- UBC would prefer government consider naming a Chair in its renewed funding decision. Prestigious named Chairs can generate learning opportunities (which might include teaching, publications and academic conferences) and advance research excellence. The name of the Chair will be determined at a later date between UBC, BCLC and GPEB.

² The BCLC funding contract with UBC stipulates that an Advisory Council be established for the Centre. The current Advisory Council includes members from UBC, BCLC, GPEB, McGill University and Laval University.

³ See: <https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/plan-rg-public-health-and-gambling-2015.pdf>

⁴ Gambling Digest 2015/16, produced by the Canadian Partnership for Responsible Gambling (data not available for AB and NL).

- The name and function of the Centre would continue under its current format, with Director, Dr. Luke Clark serving under the distinction of a Chair. The Chair's funding will cover both salary and support research and scholarly activity (which could include the Post-Doctoral, Research Assistant and Graduate Fellowship support, as well as the research component).
- A five-year commitment of annual support is the minimum term allowable under the UBC Board of Governors policy⁵ in order to establish a named Chair. UBC's ability to retain top researchers, and attract and retain additional research funding, undergraduate and graduate students as well as post-doctoral fellows, is entirely dependent on the stability provided by long-term funding commitments.
- A renewed contract would be a five-year agreement (2017/18 to 2027/28) valued at \$1.37 million (\$273,000 annually).
- In addition to funding, the Centre will continue to receive PlayNow.com player data from BCLC to assist with research purposes. In transferring the player data, BCLC invests significant staff resources in ensuring all personal information is scrubbed from the data and it is in a useable format. BCLC will also continue to provide gambling supplies such as slot machines and a roulette table to the Centre and to provide maintenance support on that equipment. The data and equipment are vital to the research the Centre conducts.

Voluntary Self-Exclusion Ineligible Win Fund

- Money in the VSE fund is intended to be used for responsible and problem gambling research projects. In 2010 when the fund was introduced, the Minister responsible explained in to the Legislature; "Any moneys [VSE participants] won would be held back and have to be spent only on problem gambling research".⁶
- The VSE fund supports the UBC Centre as well as other responsible and problem gambling research undertaken by GPEB and BCLC, such as the *British Columbia Problem Gambling Prevalence Study* and *Responsible and Problem Gambling Longitudinal Outcome Study* evaluating program aggregate clinical outcomes.
- Given the source of funding is from ineligible winnings, the balance of the VSE fund fluctuates. The following table shows the fund's balance since 2010:

⁶ Hansard, 39th Parliament, 2nd session Tuesday, June 1, 2010, Afternoon (Vol. 19, No. 6):
<https://www.leg.bc.ca/content/Hansard/39th2nd/H0601pm-06.pdf>

VSE Ineligible Win Fund Balance

Year Ending	Total Ineligible Wins	Less: Ineligible Wins (Prohibited) Note 2	Ineligible Win (VSE)	Research Expenses (Net of Tax)	Tax	Total Research Expenses	Running Balance	Comments
3/03/2010	459,078.64	(54,419.50)	404,659.14	-	-	-	404,659.14	
3/03/2011	355,998.27	(27,124.62)	328,873.65	-	-	-	733,532.79	
3/03/2012	368,215.42	(6,205.25)	362,010.17	85,000.00	-	85,000.00	1,010,542.96	
3/03/2013	299,284.22	(26,174.30)	273,109.92	1,114,000.00	27,360.00	1,141,360.00	142,292.88	
3/03/2014	343,677.79	(19,335.00)	324,342.79	152,300.08	15,552.00	167,852.08	298,783.59	
3/03/2015	(124,641.13)	(14,620.00)	(139,261.13)	336,716.00	8,670.00	345,386.00	(185,863.54)	Note 1
3/03/2016	466,502.20	-	466,502.20	295,800.00	3,500.00	299,300.00	(18,661.34)	Note 1, Note 2
3/03/2017	676,056.26	-	676,056.26	280,000.00	3,000.00	283,000.00	374,394.92	
3/03/2018	206,692.30	-	206,692.30	250,000.00	-	250,000.00	331,087.22	Note 3
Balance, as at September 23, 2017							374,394.92	

Notes:

- 1) A total of \$490,466.55 was paid back to players in relation to ineligible wins withheld prior to a change in terms and conditions of the VSE program. \$463,755.98 represents a return of jackpots withheld and is therefore reduced from the balance with the remaining \$26,710.57 representing interest. The interest has not been included in this analysis as it does not represent RG research spend nor return of ineligible funds. \$450,000 has been deducted from total ineligible wins' as at 3/31/2015, and the remaining \$13,755.95 has been deducted in the following year to align with the accounting records.
- 2) Historically, Ineligible Wins resulting from a player status other than VSE are not committed to RG research funding and are therefore deducted from the total ineligible wins each year. The analysis to isolate these types of ineligible wins has not been completed since the the year ending March 31, 2015.
- 3) Fiscal year not yet complete, amounts represent collections and research expenses through September 2017.

- As seen in the table above, the VSE fund average is \$337, 000 over 8 years (2010 to 2017) and fluctuates annually. It is expected the average of ineligible winnings will continue at this level over the proposed contract term (five-years) which will allow the Centre to be fully funded by the VSE fund throughout the life of the contract.

Gambling research centres funding

- The Ministry of Advanced Education indicated the funding model currently used for the UBC Centre is inconsistent with their funding practices. The Ministry indicated that no other B.C. university research centre is funded in this way; all others are funded through government grants based on enrollment or private endowments.
- Two other provincial governments provide direct funding for gambling research centres affiliated with universities; Alberta and Québec.
- *GPEB recommends the current funding model (i.e., VSE fund) be employed for the first year of the new contract (2018/19). If desired, alternative funding models for the remaining years of the contract could be explored as part of the 2019/20 provincial budget process.*

Public announcement of new contract

- An announcement date for the renewed contract would be established once the contract is finalized. There will be an opportunity for the Minister to participate in a public announcement with BCLC and UBC.

OPTIONS:

Option 1: Renew current funding agreement with GPEB as a signatory.

Under this option, the Minister would support the continued funding of the UBC Centre from the VSE fund. GPEB and BCLC would develop a contractual agreement between GPEB, BCLC and UBC to fund a new named Chair position for the Centre.

Implications:

- Ensures continued funding for the Centre to support gambling research.
- Player gambling data from BCLC will continue to be available to the Centre for research.
- A perceived conflict of interest may remain as BCLC is still a party to the agreement. This is somewhat mitigated by GPEB, on behalf of government, joining the agreement.
- Funding for the UBC Centre can be accommodated within the current government budget cycle. This provides stability for the Centre in time for the upcoming fiscal year.

Option 2: Do not support the continued funding of the UBC Centre.

Under this option, BCLC and GPEB advise the UBC Centre that the funding agreement will not be renewed at the beginning of fiscal 2018/19. A joint communications plan should be developed to address questions from the public on government's decision.

BCLC and GPEB will have access to a much larger fund to conduct responsible and problem gambling research. New internal processes will need to be developed to manage the fund.

Implications:


- s.13
-
-
-

OTHER MINISTRIES CONSULTED:

- Ministry of Advanced Education has been consulted on how university research centres are typically funded in B.C.

DATE:

February 27, 2018

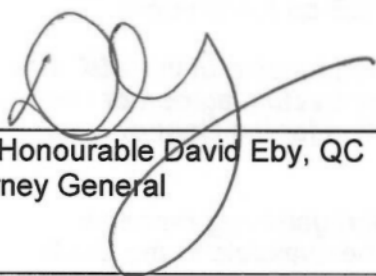

Richard J.M. Fyfe, QC
Deputy Attorney General

RECOMMENDATION: Option 1

OPTION 1 APPROVED

DATE:

February 28, 2018


The Honourable David Eby, QC
Attorney General

Approved by: John Mazure Assistant Deputy Minister Gaming Policy and Enforcement Branch 698-698-3164	Approved by: Michele Jaggi-Smith Executive Director Gaming Policy and Enforcement Branch 778 698-2640
Prepared by: Rachel DeMott Senior Policy Analyst Gaming Policy and Enforcement Branch 778 698-2998	

Attachments: APPENDIX A; Director's Report, Dr. Luke Clark

APPENDIX A; Director's Report, Dr. Luke Clark



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THE UNIVERSITY OF BRITISH COLUMBIA
Department of Psychology

CENTRE for GAMBLING RESEARCH at UBC

Dr Luke Clark
Director, Centre for Gambling Research
at UBC
Department of Psychology
University of British Columbia
2136 West Mall
Vancouver, B.C., V6T 1Z4
Canada

4th May 2017

Director's Report

The funding of the Centre for Gambling Research at UBC (henceforth "the Centre") by the provincial government and BCLC was instigated in March 2013, and at that point the Department of Psychology at UBC initiated a faculty search process to appoint a Director for the Centre. I accepted that position in September 2013 and moved to Vancouver from the U.K. in July 2014, thereby commencing the initial funding term (\$2m over 5 years). The Centre was formally announced by Minister Michael de Jong at the *New Horizons* conference in February 2014. In November 2014, the Centre hosted a Launch event at UBC, comprising a stakeholder workshop and press conference, attended by Minister Andrew Wilkinson, the President of UBC Prof Arvind Gupta, and Prof Helen Burt, the UBC Assistant Vice President for Research. In September 2015, the Advisory Board to the Centre was convened for the first time, and this workshop was concluded by a Thank You Reception at the University Centre at UBC, hosted by Prof Gage Averill, Dean of the Faculty of Arts at UBC and with attendees including Jim Lightbody, the CEO of BCLC and Susan Dolinski, the Vice President for Social Responsibility. In January 2017, the Centre hosted an Open House event which was attended by the local members of the Advisory Board (Kahlil Philander, BCLC; David Horricks, GPEB; Geoff Hall, UBC Psychology, and Tony Phillips, UBC Psychiatry) as well as over 20 representatives from our various stakeholders including BCLC, BC Ministry of Finance (GPEB) and Ministry of Health, local gambling operators (Gateway, Parq Vancouver, Great Canadian) and mental health NFPs. The success of these events is evidence of the dialogue that the Centre has established around gambling research, gambling harms and gambling policy within British Columbia.

From the original agreement between UBC and BCLC (March 2013), the intended mission of the Centre was to "advance the understanding of gambling behaviour and offer practical solutions for the prevention of problem gambling". Expected objectives were to i) "develop integrated relationships between industry, government and academic" to define research priorities, ii) "liaise with researchers across disciplines at the University, to develop translational research and policy", iii) "educating students in the issues related to gambling in our society", iv) "ensuring that accurate and appropriate information for informed, evidence-based decision-making is conveyed to a broad audience including policy makers", and v) "acting as media liaison and resource to ensure that neutral information and accurate evidence is made available for an informed public debate". We have operationalized these expectations as a dual mandate to reduce the harms associated with problem gambling, and to improve evidence-based gambling policy, via the scientific study of the psychology and neuroscience of gambling behaviour. As I write this statement in May 2017, the Centre has been in operation for less than 3 years. This synopsis of our progress (and future targets) should be read in conjunction with the accompanying Progress Report, and is intended to provide some narrative context to the outputs and achievements listed in that report.



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at UBC**

Personnel, Teaching and Training

What is the Centre, in concrete terms? The Centre occupies space in the Department of Psychology on the main UBC Point Grey campus in Vancouver, including a large office with desk space for up to 8 trainees, and a second laboratory room (the 'Casino lab') that houses 4 functioning slot machines and a casino roulette wheel. These rooms are in the Audain Arts Centre building adjacent to the main UBC Psychology building, and this modern space (opened as a building in 2013) was selected for its heightened security and air conditioning, which are both important features for housing the slot machines. There are 4 bookable meeting rooms adjacent to the Centre rooms that we regularly use for additional testing space and for hosting Centre events. As per Department norms, my own office is separate from the lab in the neighbouring CIRS Sustainability building, where most of my teaching also takes place.

The core research team at the Centre has increased steadily in size since 2014 to 8 individuals in May 2017, comprising myself, four graduate students that I supervise, two post-doctoral research fellows (one of whom, Dr Tilman Lesch, mostly works remotely from Germany), and a paid part-time research assistant. I was fortunate in having my first Masters students (Spencer Murch and Stephanie Chu) enter the graduate program in September 2014, shortly after my own arrival. Both students successfully defended their theses and graduated in 2016. Spencer has now entered the PhD program, and was recently awarded the Department's Stan Coren Prize for best MA thesis as well as an intensely competitive 3 year NSERC studentship that will support his tuition and living costs until 2020. It is also pertinent that two of my other graduate students, Mario Ferrari and Gabriel Brooks, are on the UBC Clinical Psychology program. These students will qualify as registered clinical psychologists in BC and both hope to ultimately practice in addictions treatment services. Besides our core personnel, the Centre typically hosts 3 undergraduate students per term, either conducting research theses (e.g. the Psychology Honours program) or voluntary assistantships. We have hosted 15 such students in 3 years. We have also had a number of visiting international students who bring their own funding for stays of approximately 6 months; indeed Tilman Lesch's project on online gambling (see below) arose from such a visit in 2015.

As an Associate Professor in the Department of Psychology, I teach two undergraduate courses (i.e. 6 credits) each year. This is a slightly reduced load relative to the Faculty of Arts default due to directing the Centre. I teach a large introductory psychology course to around 350 students each winter term (January to April) but of greater relevance to the Centre's objective of "educating students on the issues related to gambling in our society" I teach a third year psychology course each Fall term (September to December) called Gambling and Decision-Making. I developed the syllabus and curriculum for this course single-handedly and it has been gratifying to see the course fully subscribed (150 students) in both of its first two years. This course comprises 30 lectures moving from the psychology of decision-making, decision neuroscience, and the fundamentals of 'addiction science' to the application of these principles to gambling research. The course includes a written assignment considering the media portrayal of gambling research. The schedule features guest lectures by Dr Gerald Thomas (Director of Alcohol and Gambling Policy for BC Ministry of Health) on gambling policy and by Dr Terri-Lynn Mackay (Alavida Healthcare and UBC Counselling Services) on clinical treatment of addictions, and the students highly appreciate this multi-disciplinary perspective. Dr Thomas and Dr Mackay also hold adjunct appointments in the Department of Psychology sponsored by the Centre, to fuel research collaborations as well as recognizing their teaching contributions.

Highlights of Research

APPENDIX A; Director's Report, Dr. Luke Clark



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**CENTRE for
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at UBC**

The research at the Centre has crystallized around three core programs. Each of these themes has benefitted from our local relationships with BCLC and government, which enhances the international competitiveness of the research and in some cases has created unique research opportunities. These programs also align closely with provincial objectives outlined in the 2015 BC Strategic Report (A Plan for Public Health and Gambling in British Columbia) which states "Going forward, research on EGMs and on online gambling is a priority for GPEB and BCLC because EGMs are a particularly high-risk gambling offering and online gambling is a relatively new gambling offering" (pg 21).

The first theme focusses on the relative harms of modern slot machines, which are increasingly recognized to be among the more harmful of gambling products. For example, in the 2014 BC Gambling Prevalence Survey, casino games (which included slot machines) was the form that was most over-represented in problem gamblers compared to non-problematic players. Some of our experiments 'drill down' on particular ingredients of the modern slot machines, such as Steph Chu's Masters thesis on stopper devices. My extensive line of research on gambling near-misses, initiated while I was at Cambridge, also falls within this program. In an alternative perspective on this question, Spencer Murch's experiments have focused on individual differences in the tendency for a gambler to become 'immersed' in slot machine play. Immersion has been hypothesized to be a risk factor for excessive slot machine gambling in particular, and recent advances in slot machine technology may facilitate this process, probably as a cumulative effect of many specific game features. Spencer approached this phenomenon by triangulating subjective measures of immersion with behavioural measures of attention and cardiac physiology during play. His first paper from this work (2017 *Psychology of Addictive Behaviors*) was the first publication of data collected at UBC (in the Casino Lab) and as such, is a milestone for the Centre. This work received media attention including interviews on Global TV, the Vancouver Sun, and the front page of The Province. Notably, this line of work was enabled by the donation of some authentic slot machines by BCLC (see Figure, right), to create one of only a handful of such laboratories anywhere in the world.



The second theme focusses on online gambling. This project was initiated by Tilman Lesch and makes use of data from the BCLC's PlayNow.com platform. PlayNow.com is the only legal and regulated gambling website in BC, and one of the only state-run gambling websites worldwide. Our access to these data and ongoing dialogue with BCLC creates an unparalleled opportunity for research. Working with one month of data from summer 2015 (over 40,000 users making around 55 million individual bets), we have begun by describing the overall levels of engagement in different gambling products on the platform, and characterizing the most heavily engaged players. The second stage in this program is identifying behavioural measures from bet-by-bet play that have utility in predicting users at risk of gambling problems. Here, we are focusing on different expressions of loss chasing; for example the tendency to increase bet within a session, or the time between one session and the next session. This is groundbreaking work as the small existing literature on 'player tracking' of online gambling has relied on daily totals (e.g. total number of bets), and within-session (i.e. bet by bet) measures provide far greater richness. This project has received a supplementary research grant from GPEB, and Tilman Lesch and I have been invited to present our findings at conferences including the Alberta Gambling Research Institute annual meeting and the National Council for Problem Gambling annual meeting. Our descriptive report on Online Gambling in British Columbia is attached as part of this Stewardship Report.



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at UBC**

The third theme focusses on the neuroscience of gambling. This capitalizes upon my own track record from the UK, where I held consecutive grants from the Medical Research Council to support brain imaging studies in patients with Gambling Disorder. In building a similar program at UBC, an initial objective has been to establish channels for recruiting individuals with gambling problems for research; we now have strong connections with the psychological treatment program offered by the BC Responsible and Problem Gambling Program. We have introduced a 'consent to contact' form into the enrollment procedure for the Voluntary Self Exclusion program at the River Rock and Edgewater casinos, which is typically explained to the enrollee by a GameSense Advisor. These channels both relied upon our connections not only with BCLC but also with GPEB and the local casino operators. Maintaining these relationships, as well as the scheduling and testing of the participants themselves, has been the core role of a paid research assistant (Initially Caylee Britt Goshko in 2015, and now Dawn Kennedy) and so far we have tested over 50 individuals with gambling problems and 30 healthy individuals as a control group. Dawn Kennedy's poster on our initial findings from some tests of 'interoception' (awareness of internal states such as sensing one's heart beat) received the best poster award at New Horizons 2016 (see right).



As we approach the point of commencing some more ambitious projects using brain imaging techniques such as fMRI in people with gambling disorder, our capacity has been markedly strengthened by the appointment of Dr Eve Limbrick Oldfield as a post-doctoral fellow. Eve was the point person on our British studies of gambling disorder, and her recent paper in *Translational Psychiatry* on the brain basis of gambling cravings received substantial media coverage here including CBC Vancouver primetime TV news (see Public Engagement section). Eve was instrumental in shaping our recently-funded NSERC Discovery Award proposal (2017-2022) which includes brain imaging of 'loss aversion' and manipulating the salience of money. Given the substantial costs associated with brain imaging (\$550 per scan for fMRI; these costs are higher for PET), I anticipate that this third research program will continue to depend upon our ability to leverage external tricouncil grant funding going forward.

Policy Impact

Part of the Centre's core mandate is to improve the translation of gambling research into evidence-based gambling policy. In many respects, this is a lofty ambition; the knowledge translation gap between scientists and policy makers is well recognized and applies in the gambling field as much as elsewhere. Nevertheless, the connections that now exist between the Centre, the provincial government and BCLC are helping to reduce this gap. I consulted on the forthcoming Municipal Information Sheet on gambling, a document designed for local governments who are considering hosting a gambling facility. The Centre holds a consultancy contract with BCLC for input on the re-design of their internal training program, on a module 'Reducing problem gambling prevalence with BCLC products'. Outside of the province, I contributed to a number of sections in Gambling Research Exchange Ontario's (GREO) revision of their 'Conceptual Framework of Harmful Gambling' report, a searchable online resource intended as a 'one stop shop' for policy makers, clinicians and the general public. MGM GameSense project.

The ongoing research at the Centre is well-positioned to influence policy moving forward. In some cases, our research has been responsive to knowledge gaps identified by local policy makers. Online gambling is a recent addition to the gambling landscape, and our program of research using the

APPENDIX A; Director's Report, Dr. Luke Clark



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PlayNow.com data was responsive to an acknowledge shortcoming in current provision, in the BCLC's the duty of care to protect at-risk users. While online gambling offers tremendous opportunities for player protection, we do not yet know how to distinguish an excessive gambler from e.g. a casual high roller. Moreover, the existing literature on online gambling may have limited relevance to BC; past work relies on data from privately-owned European websites that offer a distinct range of products than PlayNow. Some of our initial observations in the Descriptive Report carry further policy implications, such as the marketing of eCasino products within the lottery section of the website.

Our program of research on slot machine gambling also addresses a local knowledge gap, as questionmarks grow over the risks posed by this form of gambling. Our research on immersion carries a range of implications for responsible gambling practices, including ways of enhancing warning messages and digital signage, and enhancing awareness among clinicians and casino floor workers about the risk status of players who appear 'lost in the game'. We have run other experiments looking at the links between gambling and alcohol, a perennial topic in planning applications for new gambling facilities. Some other research anticipates forthcoming challenges for gambling policy, such as the regulatory status of skill-based slot machines or electronic table games like TouchBet Roulette, or the psychological consequences of changes to payment systems such as cashless payment on slot machines. As described in a recent article in *Lancet Psychiatry* that arose from an Australian workshop that I was part of in 2014, research on the neuroscience of gambling also has long-term potential for adjudicating on policy questions by studying the psychological conditions that best stimulate brain reward pathways.

Public Engagement

A key goal of the Centre is to provide neutral, evidence-based information on gambling to the public in order to inform the debates around gambling in BC. The Centre meets this objective in a number of ways. As outlined above, my undergraduate course on gambling at UBC is successfully introducing some of the brightest young minds in the province to the complex issues that we face around gambling availability. This is an innovative undergraduate course that has already been emulated at the University of Toronto, and I hope may lead to a textbook over time. Our research was also featured in the 2016 Research2Reality, a Canadian website that showcases innovative science, targeted at high school and undergraduate audiences. Some of my research talks have also been open to the public, such as the UBC Neurotalks session 'the Straight Dop(amine)' in April 2016 (with UBC profs Catharine Winstanley and Stan Floresco) and the UBC Summer Institute on Addiction public session 'Gambling on the Brain' in July 2014 with Dr Perry Kendall.

Of course, the other major aspect of our public engagement is working with the media. Our press releases on our recent papers on gambling cravings (January 2017) and slot machine immersion (February 2017) have achieved impressive outreach both locally and further afield; this work was covered on primetime TV (CBC Vancouver evening news with Andrew Chang, see figure), local radio and numerous print outlets. The Centre's opening event in November 2014 achieved similar coverage, including CBC TV news and the BC Almanac radio show. I have been interviewed regularly on broader issues around gambling, including gambling expansion, lottery winners, and online gambling. In broadening outside the immediate realm of gambling, my interviews on





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at UBC**

Pokemon Go in July 2016 were featured on CBC All Points West and ranked in the top 5 stories of the year by Trek, the UBC Alumni magazine. I have been interviewed by BBC Radio 4, National Geographic, Scientific American Mind, and the Society for Neuroscience's 'BrainFacts'. When Maclean's magazine placed UBC Psychology as the top Psychology department in Canada in 2016, the photo of our Casino Lab was used as the banner image. We have established a rapport with local journalists who know where we are and what we do, and in the coverage of the cravings and immersion articles this year, Eve Limbrick Oldfield and Spencer Murch excelled in their first taste of media interviews.

To conclude this report with a short summary of our objective scientific outputs, the Centre for Gambling Research at UBC has contributed to (and is listed as affiliation on) 40 peer-reviewed journal publications, including 23 publications that were led by members of the Centre (i.e. as first or last author). We have been successful in securing further grant funding from NSERC (\$39k per year over 5 years) and the BC Ministry of Finance, a consultancy contract with BCLC, and a co-investigator role on a grant from the National Center for Responsible Gaming. I was honoured to receive the NCRG Scientific Achievement Award in 2015, and my trainees have been awarded 7 graduate scholarships (including NSERC and CIHR), 4 conference posters prizes, and a best MA thesis award. Members of the Centre have delivered 25 invited talks and conference presentations, including conference symposia presented by Tilman Lesch, Eve Limbrick Oldfield, and Spencer Murch; I am scheduled to give future keynotes at the main Australian gambling conference (November 2017) and the International Conference on Behavioural Addictions (April 2018).

A handwritten signature in black ink, appearing to read 'L. Clark'.

Luke Clark
Director, Centre for Gambling Research at UBC

Ussery, Camas AG:EX

Subject: FW: BCLC - Letter & Report for Minister Eby's Attention
Attachments: 2018.03.02 - a - Letter to Minister Eby re Implementing Govt Direction Report.pdf;
2018.02.26 - b - Implementing Govt Direction Report.pdf

From: Suzanne Rowley [<mailto:SRowley@bclc.com>]
Sent: Friday, March 2, 2018 2:45 PM
To: Minister, AG AG:EX
Cc: Bud Smith (bsmith@urbansystems.ca); Jim D. Lightbody; Fyfe, Richard J JAG:EX; Richter, Connie JAG:EX
Subject: BCLC - Letter & Report for Minister Eby's Attention

Hello,

On behalf of Bud Smith, BCLC's Board Chair, please find attached letter and report for the Minister's attention.

Thank you & regards,

Suzanne Rowley
Assistant Corporate Secretary/EA
President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
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srowley@bclc.com
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March 2, 2018

Ministry of the Attorney General
PO Box 9044, Stn Prov Govt
Victoria, BC V8W 9E2

Attention: David Eby
Attorney General

Dear Minister Eby:

Re: BCLC's Implementing Government Direction Report

Please find enclosed BCLC's Implementing Government Direction report, dated February 26, 2018.

We trust that the report will provide a helpful update on BCLC's work to fulfill its current Mandate Letter requirements.

Detailed below are some highlights from the enclosed report:

1. Recent Ernst & Young (EY) Audit on BCLC Anti-Money Laundering (AML) program

BCLC's AML program recently underwent its biennial audit which was conducted by EY. The audit was largely positive and noted only a few minor issues, all of which have since been completely addressed by BCLC. The findings in this audit are similar to all other BCLC AML audit reports, whether conducted by FinTRAC or independent third parties, in that a few minor issues are identified and BCLC takes immediate action to correct any issues. Recently, FinTRAC advised BCLC that our AML program was the industry leader and that FinTRAC intended to develop some of its' casino industry guidance based upon BCLC's program.

BCLC has proactively released the audit report and have provided an un-redacted copy to the Ministry.

2. Determination of BCLC and GPEB Responsibilities

BCLC continues to work cooperatively with GPEB to determine responsibilities and accountability within the BC gaming industry. We are also aware that Dr. Peter German is reviewing roles and responsibilities pertaining to AML as part of his review.

Working with GPEB to more clearly delineate areas of responsibility is important work since if either entity were to take action outside their prescribed authority, the action or decision could be challenged as *ultra vires*. Further, there are many areas of overlap between BCLC and GPEB and it is expedient to ensure that work is not been duplicated, thereby wasting resources.

3. GameSense Advisor Program

GPEB will transfer the GameSense Advisor (GSA) program to BCLC effective April 1, 2018. Expanding GSAs to Community Gaming Centres (CGC) is one



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of the recommendations contained in the Plan for Public Health and Gambling (February 2015). BCLC and GPEB are consolidating the GSA program under BCLC's management to increase efficiency and service to players. Presently in B.C., GSAs staff GameSense Information Centres (GSICs), which are located in all casinos. In CGCs, there are currently self-serve kiosks. However, with the transfer of the GSA program to BCLC, GSAs will staff every casino and CGC in B.C. by September 2019.

By the time the program is fully implemented, the expansion of the GSA program will almost double BCLC's investment in Player Health to \$6.4M annually (BCLC's current budget for responsible gambling is \$3.4M).

Additional anticipated benefits associated with the transfer of GSAs to BCLC employee positions include:

- Improved relationships with Service Providers and players by integrating the GSA program within gaming facilities;
- Refined roles and responsibilities to develop subject-matter expertise and improve GSA program delivery;
- Improved customer experience and data gathering through technology and innovative solutions;
- Improved customer experience through new education tools;
- Improved level of support for gaming workers and BCLC staff to enhance further the culture of responsible gambling within B.C.'s gambling industry.

4. New Game Framework

BCLC and GPEB have been working to develop an approach to the development and implementation of new games. The concept of 'new games' is not contained within the Gaming Control Act (GCA) – the GCA only references the ministerial approval process for 'new lottery schemes'. While a new lottery scheme will always include the concept of a new game, it is possible for a new game to be part of an existing lottery scheme (for example, a newly purchased slot machine or a new Scratch & Win ticket are new games, but not new lottery schemes).

BCLC and GPEB met to discuss the issue, following which GPEB provided BCLC for its review a draft policy regarding the approval of new games that are defined as new lottery schemes. In addition to providing written feedback, s.14

GPEB is now in the process of re-writing the policy and has committed to providing BCLC with an opportunity to comment on the new draft and further conversations between both entities.

Once this work is complete, both entities should have a common understanding of what constitutes a 'new game'. This will assist BCLC's ability to innovate and develop new products that meet the demands of the competitive marketplace for entertainment.

5. University of British Columbia (UBC) Centre for Gambling Research

Three years ago, BCLC entered into a sponsorship agreement with UBC to create the Centre for Gambling Research. In total, BCLC contributed \$2.5 million dollars to UBC in exchange for specific benefits. The funding for this sponsorship comes from the Ineligible Jackpot Monies from people who are in the Voluntary Exclusion Program (VSE).

s.17

In addition, BCLC and our service providers await implementation by GPEB of the Dr. German recommendation to have enforcement personnel inside casinos that offer high limit table play. Having onsite personnel who have enforcement jurisdiction/authority will greatly improve the response time when anomalous, improper, or potential criminal behaviour is identified, suspected, and reported.

As always, BCLC would be pleased to meet with you at your convenience to discuss any aspects of this letter or the enclosed report.

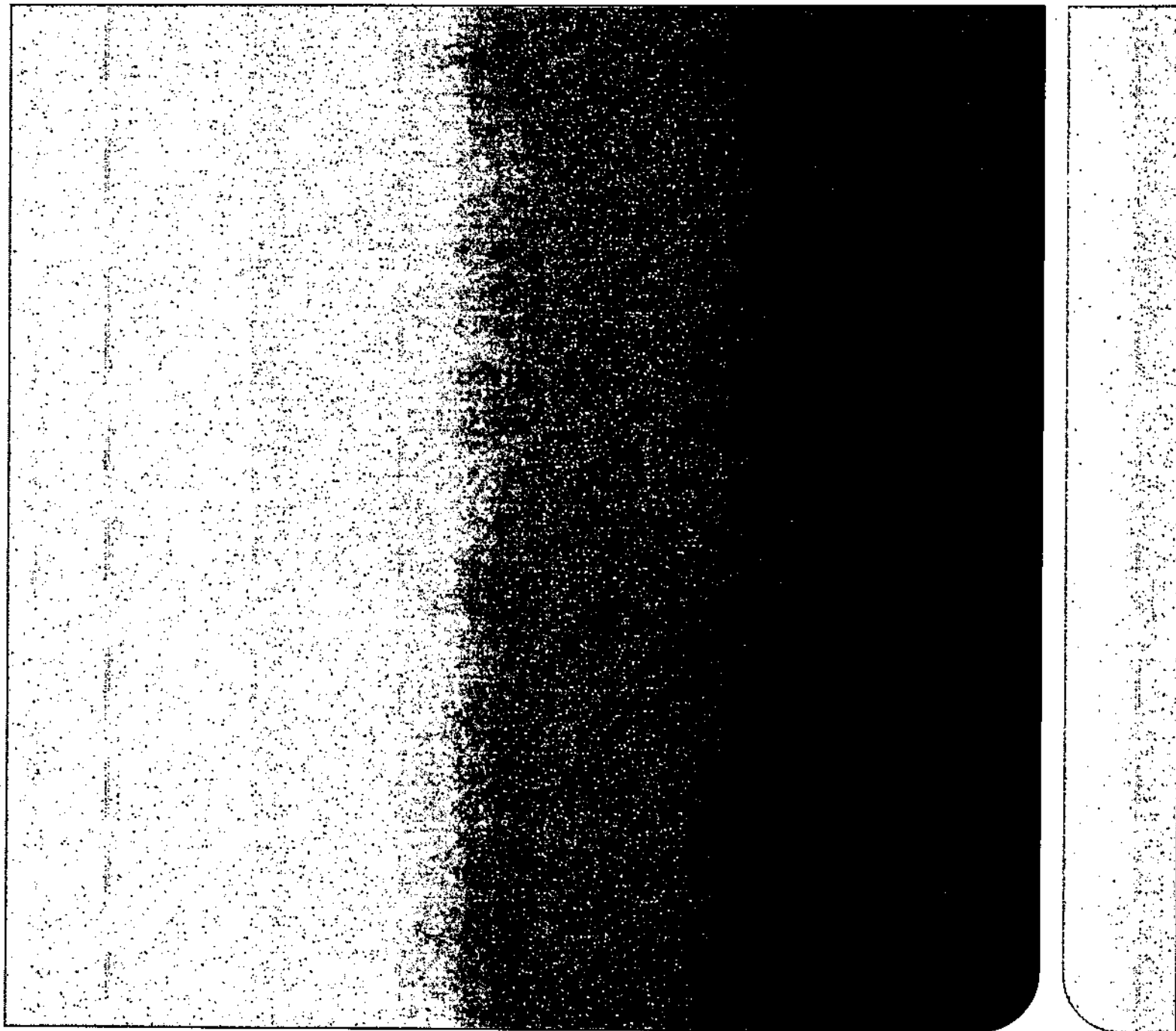
Yours truly,

A handwritten signature in black ink, appearing to read 'Bud Smith', with a stylized flourish at the end.

Bud Smith
Chair, BCLC Board of Directors

cc: Mr. Richard Fyfe, QC
Jim Lightbody, President & CEO, BCLC

Enclosure(s) x 1



Implementing Government Direction

February 26, 2018 Update

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implementing government direction

ABOUT THIS REPORT

This report tracks our actions and responses to the Mandate Letter and Plan for Public Health and Gambling. Should Government have other reports or documents with significant requirements or recommendations for BCLC, we will add the tracking of those recommendations to this report.

implementing government direction

IMPLEMENTATION OF 2017/18 MANDATE LETTER (MANDATE) AMENDMENT (November 28, 2017)

	Mandate Letter Action	Plans and Progress	
1.	<p>Implement the five remaining commitments that BCLC is responsible for in the <i>Plan for Public Health and Gambling</i> (February 2015). This includes:</p> <ul style="list-style-type: none"> a) Implementing a GameSense Advisor presence in Community Gaming Centres; b) Offering time and money budgeting tools to Encore Rewards members and PlayNow.com customers; and c) Implementing customized responsible gambling messaging on PlayNow.com subject to review and approval by GPEB, and alignment with provincial Responsible Gambling Standards applicable to online gambling. <p>BCLC will continue to work with GPEB in the implementation of the three remaining commitments for which they are jointly accountable, including undertaking key research projects related to online problem gambling and high-risk features of Electronic Gambling Machines.</p> <p>BCLC will submit bi-annual progress reports to the General Manager, GPEB, detailing the status of these commitments.</p>	<p>A summary of the actions taken related to The Plan for Public Health and Gambling is contained in Appendix 1.</p> <p>BCLC attended a meeting with GPEB in Victoria on October 17, 2017, to discuss joint progress on all recommendation of the Public Health Recommendations related to responsible gambling.</p> <p>On January 8, 2018, BCLC and GPEB finalized plans to address all recommendations and plans are moving forward to address all recommendations that are outstanding.</p>	In Progress

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	Mandate Letter Action	Plans and Progress	
2.	Proactively share information with GPEB that assists the branch in meeting its responsibility for the overall integrity of gaming and horse racing and providing the Minister with advice on broad policy, standards and regulatory issues. The type of information includes, but is not limited to, the following:		
	a) Information about any new games, excluding variations of existing games or similar games already being offered by BCLC, that BCLC intends to introduce to determine whether additional responsible gambling standards are required or whether a game may be considered a new type of lottery scheme and requires written approval under Section 7 of the <i>Gaming Control Act</i> ; and	BCLC is working with GPEB to formalize a new game evaluation framework. There have been conversations regarding the legal definitions of new lottery schemes to clarify what requires review, and exchange of documents around the evaluation process during November and December 2017. During this period, there have been no new games submitted by BCLC for GPEB review.	Ongoing
	b) Information regarding any trends that may influence strategies to combat money laundering and keep the proceeds of crime out of British Columbia gambling facilities.	BCLC is not aware of any new information on specific trends that would assist the branch with its responsibilities that may influence the branch's anti-money laundering strategies, however, GPEB is provided on an on-going basis reports on all unusual financial transactions, any suspected illicit activity occurring or attempted at casinos, and any material changes BCLC makes to its compliance programs.	Ongoing

implementing government direction

Mandate Letter Action	Plans and Progress	
<p>3. BCLC will provide a quarterly report to the Attorney General on the implementation of the government's Anti-Money Laundering (AML) Strategy and mitigation of related illegal activities. This will include but not be limited to:</p> <ul style="list-style-type: none"> a) Activities undertaken to ensure the Corporation's compliance regime is focused on preserving the integrity and reputation of British Columbia's gaming industry in the public interest; b) Participation in the development of, and providing funding to support, an enhanced coordinated enforcement approach with the Gaming Policy and Enforcement Branch, the RCMP and local police to mitigate the risk of criminal activities in the gaming industry; c) The implementation of anti-money laundering compliance best practices with appropriate consideration of evaluating source of wealth and source of funds prior to cash acceptance within a risk-based framework; and d) Providing input to the Ministry of Attorney General in the development of a public information and education strategy and action plan for government's review and approval. 	<p>Refer to QUARTERLY REPORT TO THE ATTORNEY GENERAL OF BRITISH COLUMBIA - FOURTH QUARTER OF 2017</p>	<p>In Progress</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

A PLAN FOR PUBLIC HEALTH AND GAMBLING IN BRITISH COLUMBIA (February 2015)

Recommendation	Action
1. The provincial Responsible & Problem Gambling program will link with the University of Victoria's Centre for Addictions Research and other researchers to work towards linking problem gambling education with broader issues of substance use, including preventing and addressing dependence and fostering positive mental health and social and personal responsibility.	GPEB, UVic
2. Within available resources, the provincial Responsible & Problem Gambling Program is shifting its prevention services to incorporate a greater focus on problem solving and critical thinking and prioritizing the need to ensure programs are as effective as possible for students.	GPEB
3. The Ministry of Education will share the findings of the PHO Report on Gambling as well as current research related to youth gambling with the Physical and Health Education curriculum development teams and other relevant specialist associations such as school counsellors.	Ministry of Education
4. Links to responsible gambling education materials will be added to the new Physical and Health Education curriculum as well as to the Healthy Schools BC website and promoted in the Healthy Schools BC newsletter.	Ministry of Education
5. The Ministries of Education, Finance, and Health will work together to raise awareness about the need for problem gambling education and its links with broader issues of risk-taking behaviour and promote related education materials.	Ministries of Education, Finance and Health

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
<p>6. BCLC is working with other gambling jurisdictions in Canada on constructive approaches to communicating 'odds' and 'return to player' on Electronic Gaming Machine screens to dispel myths about control and ability to win.</p>	<p>In Progress</p> <p>BCLC is committed to provide full disclosure of the odds of winning and return to player from electronic gaming device (EGD) to our customers. Recently, OLG invested a significant amount into a pilot project of slot machine classifications. That pilot was completed in October 2017. While there were some positive findings, the results showed confusion with the messages, largely associated with too much information. In response, OLG is redesigning the messages and planning another launch. They anticipate findings from the new launch within six months – or summer 2018.</p> <p>Given the considerable investment already made by OLG, BCLC will await the OLG findings to develop a plan to effectively communicate this information to our players.</p> <p>BCLC is working with the Interprovincial Lottery Corporation's Responsible Gaming Group (RGG) towards compliance of this requirement. This requirement is expected to become mandatory for all new game themes released to BCLC and other Canadian Gaming Jurisdictions. Vendors will ensure that the Devices comply with any applicable standards of the Interprovincial Lottery Corporation's Responsible Gaming Group relating to disclosure of the odds of winning and return to player (the "Standards") within twelve (12) months of such Standards coming into effect.</p> <p>All vendors on BCLCs roster have agreed to this requirement as part of the executed contracts, and will strive to work with their R&D teams.</p>
<p>7. Beginning in 2015, BCLC will offer new time and money budgeting tools to its Encore Rewards members. Similarly, enhanced tools have been developed for implementation on PlayNow.com.</p>	<p>In Progress</p> <p>Pilot launch of PlayPlanner has been postponed s.17,s.21</p> <p>s.17,s.21 The most recent product delivered was successfully tested by quality assurance and onsite production validation. In March/ April 2018, BCLC will introduce PlayPlanner as a pilot program at one site for a 3-month period. PlayPlanner is a new, optional budgeting tool that enables Encore Rewards members the opportunity to set their gambling time and spend while playing on a slot machine or eTable game. The pilot program will enable BCLC to evaluate the tool in preparation for a provincial rollout.</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
8. BCLC has conducted its third review of the Appropriate Response Training program for gaming facilities staff, and in 2015, will be incorporating new approaches to problem gambling identification and response as recommended by the Responsible Gambling Council.	<p>Complete</p> <p>In the fall of 2015, BCLC enhanced its Appropriate Response Training (ART) program with a response guidelines matrix to help equip gaming venue staff with skills and knowledge to recognize observable behaviours that may indicate a problem with gambling and to provide the appropriate assistance when required. In early 2016, BCLC worked with an expert from the Centre for Addiction and Mental Health to enhance delivery and curriculum of ART Level 2 in-person workshops. Eight new learning activities, tailored to ART curriculum and response guidelines, were developed and all ART trainers received training on the new content.</p>
9. BCLC will incorporate mandatory staff training about the cognitive effects of alcohol and the resulting increase in impulse behaviour.	<p>Complete</p> <p>BCLC added new training content for its Appropriate Response Training Level 1 course in March 2015. It is mandatory for all gaming workers in BC, and the content aims to equip gaming staff with ability to identify and understand policies and procedures pertaining to liquor service in a gaming environment; possible effects of alcohol intoxication on gambling behavior; knowing when to prevent customers who are, or appear to be, visibly intoxicated from participating in gambling; and, understand escalation procedures pertaining to intoxicated customers.</p>
10. GPEB and BCLC plan to implement a GameSense Advisor presence in community gaming centres.	<p>In Progress</p> <p>In December 2017, following Ministerial approval, BCLC and GPEB announced the GameSense Advisors (GSA) will transition to BCLC employee positions beginning April 1, 2018. BCLC will add staff and expand the GSA program province-wide into all BC gambling and entertainment facilities. The transfer of the GSA program will be a phased approach, with all planned hires by completed by September 2019.</p>
11. BCLC is implementing a new Appropriate Response Training course that is specific to customer telephone support. It includes training on how to assess and respond to callers who may be experiencing difficulty with their gambling, details on available resources, procedures for handling third party concerns, and escalation guidelines.	<p>Complete</p> <p>ART for BCLC's Customer Support team was launched in August 2014. All Customer Support staff completed the course in facilitated sessions held through November 2014. The training program is ongoing for new employees.</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
<p>12. BCLC will implement customized responsible gambling messaging to PlayNow.com account holders as well as BCLC Encore members.</p>	<p>In Progress</p> <p>In 2014, BCLC partnered with the Manitoba Gambling Research Program, and researchers from UCLA, UNLV, and Southern Cross University to evaluate customized responsible gambling messaging to PlayNow.com account holders as well as BCLC Encore members. The field experiment began in fall 2016 and was discontinued due to a low rate of engagement, and above average unsubscribe rate. s.17,s.21</p>
<p>13. BCLC will engage an international team of researchers in a longitudinal research project to evaluate the impact of customized messaging on player behaviour.</p>	<p>In Progress</p> <p>Upon completion of recommendations 12 & 21 we will be in a better position to examine the impact of RG messages on behaviors.</p>
<p>14. BCLC has worked with the Responsible Gambling Council in developing and implementing their new Responsible Gambling Check accreditation program for online gaming. In anticipation of being the first online gambling platform to officially participate in this program, BCLC has initiated a number of changes in its approach to online responsible gambling, including better documentation of processes, policy reviews, and customer support training. The Responsible Gambling Council is auditing PlayNow.com.</p>	<p>Complete</p> <p>BCLC's PlayNow.com was certified by RG Check in June 2015 with the recertification scheduled for April 2018. BCLC is the first organization in the world to have its online gaming site certified by RG Check.</p>
<p>15. GPEB will update its Responsible Gambling Standards to include online gambling on PlayNow.com. These standards must be followed by BCLC and all gaming service providers in British Columbia.</p>	<p>GPEB</p>

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
16. The Ministry of Finance will partner with the Ministry of Health to further explore problematic gambling screening and collaborative care planning for clients with co-occurring issues with the goal of improving the overall continuity of care.	Ministries of Finance and Health
17. The Ministries of Health and Finance, with BCLC, will be responsible for maintaining a working group with stakeholders and the Ministry of Education, to continue a dialogue regarding policy and legislative decisions that involve expansion of gambling, issues related to the public health risks of gambling, and alignment of policies and practices. The working group will act as an advisory committee for government decision makers. It will have a mandate to ensure that gambling policy is informed by reliable research and best practices, creating a fulsome understanding of the social and economic implications of gambling.	In Progress GPEB will lead the creation of this working group given their responsibility for gaming policy. They plan to have the group created by the end of March 2018.
18. The provincial government will develop a standardized package of information outlining the public health risks of gambling. It will be offered to municipalities to assist decision makers in their analysis of gaming expansion and ensure that they have a full understanding of the risks and benefits of expanding gambling in their communities. The package will include information about problem gambling prevalence, availability of alcohol, high-risk games, and revenue generated from problem gamblers.	Ministry of Finance
19. Government and BCLC will consider long-term funding of the Centre for Gambling Research at the University of British Columbia in 2017.	In Progress BCLC and GPEB are currently working with UBC to establish long-term funding options for the Centre for Gambling Research. A proposal for the funding will be completed by the end of March, 2018.

appendix 1: Responsible and Problem Gambling in British Columbia – Action Items

Recommendation	Action
20. GPEB and BCLC will undertake research to determine the impacts of reducing or minimizing higher risk features of Electronic Gaming Machines.	<p>In Progress</p> <p>BCLC and GPEB are developing plans to engage GREO to conduct a meta-review on this area. Funding will be from the withheld jackpot fund.</p>
21. GPEB and BCLC will undertake research to estimate online gambling prevalence and problem gambling prevalence among online players in British Columbia.	<p>In Progress</p> <p>The UBC Centre for Gambling Research completed a study that characterized level of play (Pareto analyses) on the PlayNow platform in 1 month. The next step is to expand the investigation to examine gambling and problem gambling characteristics using both survey and player data. BCLC and GPEB will develop a RFP by the end of March 2018 and commence the research from the withheld jackpot fund.</p>

**MINISTRY OF ATTORNEY GENERAL
GAMING POLICY & ENFORCEMENT BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION for Honourable David Eby, QC
Attorney General

ISSUE:

On 28 February 2018 a complaint was received from a member of the public
s.22 concerning a thoroughbred horse race in August 2017. It expresses concern that public money, through a prize purse, was paid in a race where a single owner was the beneficiary of all horses racing.

The race at issue was conducted within the rules and regulations governing horse racing. The issue and complaint at hand is how a race may be run, and prizes paid, where a single owner is responsible for all of the competitors.

SUMMARY:

A similar complaint about the same race (from a different complainant) was received on August 3, though that complaint alleged violation of racing rules. GPEB conducted an investigation into the August 2017 complaint^{s.15}

s.15 The investigation conducted found that there had been no violation of the rules of racing, and that racing policy changes as to how many entrants are required to run a race, and when a race is guaranteed to proceed, had all occurred within the of competence of the industry associations.

The Horse Racing Industry Management Committee (HRIMC) is responsible for the financial administration of government support to the horse racing industry, approximately \$14.1 million annually. This comprises 39% of total revenue in the industry by current estimates. HRIMC disseminates funding to breed associations and the track operator. In turn, the breed associations in consultation with the track operator establish the policy in respect of racing and wagering thereon.

Although a change in policy was enacted by the relevant Thoroughbred association that permitted the running of the race and the payment of the prize purse, this change was found to be within the competence of the association in setting the policy.

In part, government financial support of the horse racing industry follows a Cabinet direction, last updated in late 2012. At that time, pursuant to a request from HRIMC, government support to the two breeds was increased to 25 per cent of slot machine net win at each of the two horse racing tracks.

In addition to the take from slot machine revenue, HRIMC is also provided a refund on all but \$1.9 million in horse racing betting fees collected each year.

As at the end of the 3rd quarter of fiscal year 2018, \$10.4 million has been paid to the industry. Currently GPEB forecasts a total return to the industry of approximately \$14 million for the year.

BACKGROUND:

Regulatory Structure

- Horse racing is regulated separately from lottery schemes under the *Criminal Code of Canada*. BCLC does not have authority over conduct and management of horse racing, and the federal government holds concurrent jurisdiction over betting on horse racing. The federal agency responsible is the Canadian Pari-Mutuel Agency (CPMA).
- The General Manager has statutory authority for regulating horse racing. Unlike other types of commercial gambling, the private sector is responsible for conduct and management of horse racing through breed associations. The General Manager has broad authority to set the rules of racing, license participants, govern the conduct of the breed associations, affect the distribution of prize purses and horses where ownership transfers as part of a race, and sanction participants for rule violations.
- In 2009, HRIMC was established to address overall financial management in the horse racing industry and work towards sustainability. HRIMC has authority over conduct and management of horse racing in BC. It is comprised of representatives from the Standardbred breed association, the Thoroughbred breed associations, the track operator (Great Canadian Gaming Corporation) and an independent member, currently Jim Lightbody, CEO of the British Columbia Lottery Corporation (BCLC). Mr. Lightbody's appointment is not *ex officio* of his role at BCLC. GPEB's Director of Horse Racing (Michael Brown) sits on the HRIMC as non-voting observer.

Financial Structure

- Further to a direction of the then-Minister, GPEB distributes 25% of the net gaming income attributable to slot machines at the two racing facilities to the breed associations.
- GPEB also refunds all but \$1.9 million of revenue received from horse racing betting fees back to the breed associations.
- The total return to the breed associations in 2016/17 totaled \$14.1 million.
- By policy established by HRIMC, all revenue received by the industry is pooled, and allocated to the Thoroughbred association (33.6%), the Standardbred association (23.2%) and the track operator (43.2%). The track operator is a wholly captive entity of the Great Canadian Gaming Corporation.
- Purses in Thoroughbred racing are funded through both money received from HRIMC and fees paid by participants in the various types of races.
- Total wagering on live horse racing in British Columbia is now approximately \$8.1 million, reflecting an ongoing decline in the industry.
- Government financial support of the industry is at the discretion of Cabinet and not as a consequence of the *Gaming Control Act*.

August 2 Race

- In material part, the GPEB investigation found that:
 - On or about 23 July 2017 the Thoroughbred associations met and formulated a policy change concerning Stakes races that would avoid the cancelation of races for insufficient entries. That policy was announced to the public on 1 August 2017 and the subject race was conducted the following day. All of the entries on the race were owned by a single owner, and prize money totaling \$25,000 was paid;
 - The Thoroughbred associations are permitted to adjust policy to the extent that there is no violation in the rules of racing as established by the General Manager. In this case the Stewards were aware of the policy change and determined the change did not amount to a breach of Thoroughbred racing rules.
 - The investigation noted that the rule change had not been communicated through the official channel as effectively as possible and recommended that the policy concerning racing when participants are of a single owner be reconsidered.
 - The rule change is generally consistent with the common desire of the industry, whether Thoroughbred or Standardbred, to have an opportunity to race horses in a way that supports the development of the animals. In the case of Thoroughbreds, the intention to race a horse must be declared early in the animal's life, necessitating long lead times (and therefore financial commitment) in order to be prepared for racing.

Authority to Regulate Horse Racing

- GPEB is responsible for the overall integrity of horse racing under Section 27 of the Gaming Control Act, which also prohibits the Branch from engaging in conduct and management of horse racing. The General Manager has extensive authorities related to the regulation of horse racing such as issuing licences to hold a horse race or to manage or operate a race track.
- The Act also confers broad power on the General Manager to set rules respecting horse racing, including:
 - Specifying certain duties the associations (the breed associations in respect of this issue) must perform in relation to horse racing; and
 - [Making rules of racing] including the redistribution of purse money.
- The complaint under consideration concerns the distribution of the prize money and a lack of transparency in the process concerning racing policy.
- The General Manager could consider establishing a rule requiring the breed associations to make public the conditions under which purses may be paid where all participants have a single beneficial owner, and to periodically publicly report on the occasions where this occurs.
- To improve transparency, the General Manager could consider establishing a rule requiring the breed associations to establish communication protocols for the communication of racing policy. Such a rule could improve transparency in policy setting for the industry.

Prepared by:
Dave Boychuk
Director
Operations Division
250-508-7156

Approved by:
John Mazure
Assistant Deputy Minister and General
Manager
Gaming Policy and Enforcement Branch
s.17

From: [Jomha, Robin GPEB:EX](#)
To: [Dickson, Brandy GPEB:EX](#)
Subject: Records for GERMAN FOI Jomha (2 of 3)
Date: Tuesday, April 24, 2018 5:09:42 PM

I did not include the announcement of his appointment which he attached in the first email in this thread since it was a matter of public record and easily obtainable. If you want me to send the original e-mail with the attachment included I can.

Robin

From: PETER GERMAN [mailto:[s.22](#)]
Sent: Wednesday, December 20, 2017 4:01 PM
To: Jomha, Robin FIN:EX
Cc: Fitzgerald, Anna FIN:EX
Subject: Re: Independent Review of ML in Casinos
Happy to come to your office Robin. I know exactly where you are! See you then. Thanks! Pete

Sent from my iPhone

On Dec 20, 2017, at 3:44 PM, Jomha, Robin FIN:EX <Robin.Jomha@gov.bc.ca> wrote:

Sure 1315 is fine. Do you want to come to my office or do you have another space for us to meet at?

Regards,
Robin

From: PETER GERMAN [mailto:[s.22](#)]
Sent: Wednesday, December 20, 2017 12:26 PM
To: Jomha, Robin FIN:EX
Cc: Fitzgerald, Anna FIN:EX
Subject: Re: Independent Review of ML in Casinos
Hi Robin. I am free between 1130 and 1430 tomorrow. Would 1315 work? Pete
Sent from my iPhone

On Dec 19, 2017, at 3:34 PM, Jomha, Robin FIN:EX <Robin.Jomha@gov.bc.ca> wrote:

Hello Mr. German,
I am free Thursday morning any time after 0930. I have a couple of meetings in the afternoon on Thursday but nothing that I can't shift around in needed. I understand the importance of the work you are doing and am pleased to be of assistance to you in any way that I can.
Best Regards,
Robin

From: PMG [mailto:[s.22](#)]
Sent: Tuesday, December 19, 2017 3:25 PM
To: Jomha, Robin FIN:EX
Cc: Fitzgerald, Anna FIN:EX
Subject: Independent Review of ML in Casinos
Dear Robin -

Please excuse the informality of this message as I do not have your e-mail address.

As you may be aware, I have been tasked by the AGBC to conduct the

captioned review. It was suggested that I contact you and obtain your insights on the matter.

I am curious if you might have some time this Thursday? If not then hopefully we can hopefully schedule a meet in January.

FYI, attached are the announcement of the review and related hyperlinks.

I look forward to hearing from you...

tx.... pete

From: [Jomha, Robin GPEB:EX](#)
To: [Dickson, Brandy GPEB:EX](#)
Subject: Records for GERMAN FOI Jomha 1 of 3
Date: Tuesday, April 24, 2018 5:06:57 PM

Hi Brandy,

I am forwarding you this (1 of 3) and one other email thread (2 of 3) and the actual document (3 of 3) which I sent him and we are referring to here.

Robin

From: PETER GERMAN [mailto:s.22]
Sent: Monday, January 22, 2018 4:52 PM
To: Jomha, Robin GPEB:EX
Subject: Re: Peter German AML document
You most certainly did! Thank you. Pete

Sent from my iPhone

On Jan 22, 2018, at 4:18 PM, Jomha, Robin GPEB:EX <Robin.Jomha@gov.bc.ca> wrote:

Thanks. Honestly it was just nice for me to be able to share some of my thoughts on this industry.

We are all looking forward to your report and if I was able to assist in any way with that then I satisfied.

Best regards,

Robin

From: PMG [mailto:s.22]
Sent: Sunday, January 21, 2018 1:20 AM
To: Jomha, Robin FIN:EX
Subject: RE: Peter German AML document
Dear Robin –

Thank you so much.

First, let me say that it was a pleasure to meet you and I was most impressed by the work that you do. A very professional operation.

Your thoughts are really appreciated. I will gladly make them my own and leave your name out of it!

Many thanks for taking the time to meet and to put a lot of thought into the recommendations.

Best regards... pete

From: Jomha, Robin FIN:EX [mailto:Robin.Jomha@gov.bc.ca]

Sent: Friday, January 19, 2018 11:32 AM

To: PMG s.22

Subject: Peter German AML document

Doctor German,

Please find attached my suggestions on changes that would benefit the BC gaming industry and in particular help on AML.

My thoughts and conclusions are my own and are intended to give you more information and a broader context on the challenges in the industry today. I will depend on your discretion in keeping them confidential.

If you want further information or clarification on any point in the document, I am available to meet or to discuss on the telephone at your convenience.

Best Regards,

Robin Jomha

Director, Corporate Registration
Gaming Policy and Enforcement Branch
250 356-6078

From: Mazure, John C GPEB:EX
To: PMG
Cc: Vear, Maureen GPEB:EX; Kendall, Janelle GPEB:EX
Subject: RE: Independent Review of ML in LM Casinos
Date: Monday, February 19, 2018 2:57:00 PM

Hi Peter,

Responses to your questions follow below. Unfortunately we don't have any info on the SAS software as we view that as a "conduct and manage" issue.

1. You may have read that the AG has asked that I review the SAS software as part of my Review. I realize that this is BCLC's analytics, however if GPEB has had any involvement in its development or roll-out, I would appreciate being advised and, or provided with relevant correspondence.

Given that SAS is part of BCLC's AML program. As such GPEB has not audited the program, nor specifically the SAS project, as it doesn't fall within what we have historically perceived to be our scope.

You are probably aware of the following but I provide in any event:

- The MNP report commented on SAS in their report
- From BCLC correspondence that GPEB collected and indexed for the Deputy Attorney General in October 2017 we noted that the BCLC AML risk register, in the section pertaining to Corporate Security and Compliance, stated that "SAS went live May 2017; tool is not being utilized due to inconsistency with information between iTrak and SAS; continue to utilize and generate alerts from the iView BI tool".
- Questions about "SAS" were posed by the member of the opposition in the 2016 Estimates debate.

2. Could you please ask somebody to go back in time and provide me with the Ministries and the Ministers to which GPEB reported since its inception. Eg/ from month day 2017 to present – AG - Eby

- July 2017 to present - Ministry of Attorney General. Minister David Eby
- June 2013 – July 2017 - Ministry of Finance Minister. Mike de Jong
- September 2012 – June 2013 - Ministry of Energy, Mines, Natural Gas and Minister Responsible for Housing, Minister Rich Coleman
- June 2012 – September 2012 - Energy and Mines and Minister Responsible for Housing, Minister Rich Coleman
- March 2011 – June 2012 - Public Safety and Solicitor General, Minister Shirley Bond
- June 2009 – March 2011 - Ministry of Housing and Social Development, Minister Rich Coleman
- 2001- June 2009 - Ministry of Public Safety and Solicitor General, Minister Rich Coleman

-----Original Message-----

From: PMG s.22
Sent: Wednesday, February 14, 2018 11:12 AM
To: Mazure, John C GPEB:EX
Subject: RE: Independent Review of ML in LM Casinos

Thanks John.. pete

-----Original Message-----

From: Mazure, John C GPEB:EX [<mailto:John.Mazure@gov.bc.ca>]
Sent: Wednesday, February 14, 2018 6:38 AM
To: PMG <s.22
Cc: Fitzgerald, Anna GPEB:EX <Anna.Fitzgerald@gov.bc.ca>; Kendall, Janelle GPEB:EX <Janelle.Kendall@gov.bc.ca>
Subject: Re: Independent Review of ML in LM Casinos

Hi Peter.

I'm glad you took the time to speak to everyone - it's obviously important to get multiple perspectives - I appreciate it.

I'll get back to you on your two requests ASAP. Anything else you need we'll provide you with as well if we have it.

Thx again.

Sent from my iPhone

On Feb 14, 2018, at 1:34 AM, PMG <peter.german@shaw.ca<<mailto:s.22>

> wrote:

Hi John – I believe I have now spoken to the individuals that you mentioned. The interviews were most helpful. I am always happy to chat with others if you feel there is a need or if they may wish to offer something. I do have a few requests. I am copying Anna for her information.

1. You may have read that the AG has asked that I review the SAS software as part of my Review. I realize that this is BCLC's analytics, however if GPEB has had any involvement in its development or roll-out, I would appreciate being advised and, or provided with relevant correspondence.

1. Could you please ask somebody to go back in time and provide me with the Ministries and the Ministers to which GPEB reported since its inception. Eg/ from month day 2017 to present – AG - Eby

I apologize in advance, but I will probably have additional requests over the next month.

Tx... pete

Peter M. German, QC, PhD
Principal
Peter German & Assocs. Inc.

s.22

From: [Mazure, John C GPEB:EX](#)
To: [PMG](#)
Cc: [Fitzgerald, Anna GPEB:EX](#); [Kendall, Janelle GPEB:EX](#)
Subject: Re: Independent Review of ML in LM Casinos
Date: Wednesday, February 14, 2018 6:38:22 AM

Hi Peter.

I'm glad you took the time to speak to everyone - it's obviously important to get multiple perspectives - I appreciate it.

I'll get back to you on your two requests ASAP. Anything else you need we'll provide you with as well if we have it.

Thx again.

Sent from my iPhone

On Feb 14, 2018, at 1:34 AM, PMG <[s.22](#)> wrote:

Hi John – I believe I have now spoken to the individuals that you mentioned. The interviews were most helpful. I am always happy to chat with others if you feel there is a need or if they may wish to offer something. I do have a few requests. I am copying Anna for her information.

1. You may have read that the AG has asked that I review the SAS software as part of my Review. I realize that this is BCLC's analytics, however if GPEB has had any involvement in its development or roll-out, I would appreciate being advised and, or provided with relevant correspondence.
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I apologize in advance, but I will probably have additional requests over the next month.

Tx... pete

Peter M. German, QC, PhD
Principal
Peter German & Assocs. Inc.

[s.22](#)

From: [Mazure, John C GPEB:EX](#)
To: [German, Peter \(german@allard.ubc.ca\)](#); s.22
Subject: Potential Additional Interviewees
Date: Wednesday, January 10, 2018 2:25:00 PM

Hi Peter, I hope you are well and had some time s.22

I'd like to recommend you take some time to talk to two more of my Executive Directors – Kim Bruce who leads our Licensing, Registration and Certification Division and David Horricks who leads our Responsible and Problem Gambling program. While their programs do not relate directly to money laundering. I think you would benefit from a greater understanding of how these areas fit in GPEB which is important if structural changes to GPEB and/or other players in the BC gaming environment are being contemplated. Further, as noted below, I think it would be a good idea for you to have a chat with GPEB's current legal counsel Kathie Dann if legislative change is being contemplated. Their contact info follows.

Kim Bruce 250-356-2980
David Horricks 250-387-3211
Kathie Dann 250-356-8820

From: Jaggi-Smith, Michele FIN:EX
Sent: Wednesday, January 10, 2018 1:45 PM
To: Mazure, John C FIN:EX
Subject: Dr. German

Hi John,

You may wish to have Peter German speak to Kathy Dann regarding the Gaming Control Act. Kathie participated in the drafting of the statute and is an expert on the GCA. Kathie and I discussed this today and agreed that it may be useful for her to chat with Dr. German.

Michele

Michele Jaggi-Smith | Executive Director
Strategic Policy and Projects Division
Gaming, Policy and Enforcement Branch
Direct: 250.356.1109 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: [Fitzgerald, Anna FIN:EX](#)
To: s.22
Subject: GPEB/BCLC correspondence re SOF questionnaire
Date: Wednesday, December 20, 2017 4:37:00 PM
Attachments: [2017-12-11 Memo re German Interim Recommendation #1.pdf](#)
[New RM and SOF form 2017 - Master \(Fillable\).pdf](#)
[Directive to Service Providers Source of Funds Declarations 18 December....pdf](#)
[Scan_20171215.pdf](#)
[2017.12.13 -a- Response Letter to John Mazure re German Recommendations.pdf](#)
[543730 - Letter from ADM to BCLC CEO re German recommendations \(Signed\).PDF](#)

Hello Peter,

It was a pleasure to meet both Jerome and yourself again last week. Thank you so much for coming to meet with us, it was very helpful.

I attach the string of correspondence that resulted from GPEB and BCLC working together on the SOF questionnaire which illustrates, as we discussed on Friday. one of the challenges that both GPEB and BCLC face. Please do not hesitate to let me know if you would like any further information.

Also, please do not hesitate to let me know if there is anything myself or my team can assist with. I had a horrible feeling you had asked that I connect you with Robing and David and apologise profusely if that were the case and I neglected to do so.

Regards,

Anna

Anna Fitzgerald CPA, CA, CIA

Executive Director,
Compliance Division,
Gaming Policy and Enforcement Branch

s.17

From: [Fitzgerald, Anna FIN:EX](#)
To: [PETER GERMAN](#)
Cc: [Bruce, Kim M FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#); [Akin, Richard FIN:EX](#); [Seabrook, Norine FIN:EX](#); [jmalys@malysassociates.com](#); [Nagel, Kandice FIN:EX](#); [Storms, Timothy FIN:EX](#)
Subject: Re: GPEB/Peter German discussion
Date: Tuesday, December 12, 2017 4:57:57 PM

Hello Peter

If it is all right with you can we start as planned and then take a break while you make your call, as you suggested.

We are looking forward to talking to you.
Anna

Sent from my iPhone

On Dec 12, 2017, at 4:44 PM, PETER GERMAN <[s.22](#)> wrote:

That's fine except that I have a call with the Deputy AG at 1030 which will last about 20 minutes. We could either take a break or, if you prefer start at 930 or 11.
Pete

Sent from my iPhone

On Dec 13, 2017, at 11:42 AM, Fitzgerald, Anna FIN:EX
<Anna.Fitzgerald@gov.bc.ca> wrote:

Hello Peter,
We have scheduled it for 10am Pacific Time but please do let us know if there is a better time for you.
We are excited to talk you and Jerome.
I hope you enjoyed s.22
Warm Regards
Anna

Sent from my iPhone

On Dec 12, 2017, at 4:35 PM, PETER GERMAN
<[s.22](#)> wrote:

Hi Anna. See you there. I am just s.22 The time
on my iPhone calendar invite has s.22 . Can you
confirm the time please. Thanks! Pete

Sent from my iPhone

On Dec 12, 2017, at 5:21 AM, Fitzgerald, Anna FIN:EX

<Anna.Fitzgerald@gov.bc.ca<mailto:Anna.Fitzgerald@gov.bc.ca>>
wrote:

Peter and Jerome please attend at the Dominion Street GPEB offices
at:

220-4370 Dominion Street
Burnaby

Anna will be at this location, she can be reached on her cell at s.17
s.17

Thanx, Kandice

<meeting.ics>

From: [Fitzgerald, Anna FIN:EX](#)
To: [PETER GERMAN](#)
Cc: [Bruce, Kim M FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#); [Akin, Richard FIN:EX](#); [Seabrook, Norine FIN:EX](#); jmalysh@malyshassociates.com
Subject: Re: GPEB/Peter German discussion
Date: Tuesday, December 12, 2017 4:42:05 PM

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Thanx, Kandice

<meeting.ics>

From: PETER GERMAN
To: [Meilleur, Len FIN:EX](#)
Cc: jmalysh@malyshassociates.com; [Fitzgerald, Anna GPEB:EX](#); [Vear, Maureen GPEB:EX](#); [Mazure, John C GPEB:EX](#)
Subject: Re: Maureen FIN:EX Vear - Finance
Date: Tuesday, November 14, 2017 10:34:25 AM

Perfect. Thanks Len. Sorry to make you work so hard s.22 ! Pete

Sent from my iPhone

On Nov 14, 2017, at 8:52 AM, Meilleur, Len FIN:EX <Len.Meilleur@gov.bc.ca> wrote:

<image001.jpg>

Hi Peter,

For tomorrows interviews, your contact is Maureen Vear (John's Assistant). I have just spoken to her. She will arrange the schedule of persons to be spoken with. When you arrive just call her and she will give you access to my office for the day. I will be s.22 if you have any questions.

I am arranging for Jerome to work directly with Anna regarding interviews of staff located in the Lower Mainland. I am speaking with her today and she will reach out to him directly.

Len

J.E.L. (Len) Meilleur
Executive Advisor
Gaming Policy Enforcement Branch
Ministry of Attorney General
Location: 3rd Floor, 910 Government Street, Victoria BC V8W 1X3
Mailing Address: P.O. Box 9309 Stn Prov Govt, Victoria BC V8W 9N1
[Tel:250-356-6320](tel:250-356-6320) Fax:250-356-0782
E-mail: len.meilleur@gov.bc.ca
Website: www.gaming.gov.bc.ca

If you believe that you have received this email in error, please notify the sender and delete the email from your mailbox.

<Vear Maureen FIN EX.vcf>

From: PETER GERMAN
To: [Meilleur, Len FIN:EX](#)
Cc: [Mazure, John C GPEB:EX](#); [Fitzgerald, Anna GPEB:EX](#); [Jaggi-Smith, Michele GPEB:EX](#)
Subject: Re: Reports available on GPEB website
Date: Tuesday, October 17, 2017 12:56:34 PM

Many thanks Len. P

Sent from my iPhone

On Oct 17, 2017, at 10:12 AM, Meilleur, Len FIN:EX <Len.Meilleur@gov.bc.ca> wrote:

Good morning Peter:

I have attached a list of public reports and their hyperlinks obtained from our website that may have relevance to your work in terms of roles, and the AML initiative itself.

FYI I will be reviewing my own email and database for any additional reports I received or submitted.

Anna Fitzgerald's team in Burnaby is collecting any information they have in the Kingsway office which is relevant to your request.

Regards,

Len

J.E.L. (Len) Meilleur
Executive Advisor
Gaming Policy Enforcement Branch
Ministry of Attorney General
Location: 3rd Floor, 910 Government Street, Victoria BC V8W 1X3
Mailing Address: P.O. Box 9309 Stn Prov Govt, Victoria BC V8W 9N1
Tel: [250-356-6320](tel:250-356-6320) Fax: [250-356-0782](tel:250-356-0782)
E-mail: len.meilleur@gov.bc.ca
Website: www.gaming.gov.bc.ca

If you believe that you have received this email in error, please notify the sender and delete the email from your mailbox.

<Document1.docx>

From: PETER GERMAN
To: [Richter, Connie JAG:EX](#)
Cc: [Mazure, John C GPEB:EX](#); [Year, Maureen GPEB:EX](#)
Subject: Re: BC Lottery Corp - Mtg. with Minister Eby on Oct. 23rd
Date: Tuesday, October 17, 2017 12:52:51 PM

s.22

Sent from my iPhone

On Oct 17, 2017, at 12:27 PM, Richter, Connie JAG:EX <Connie.Richter@gov.bc.ca> wrote:

<image001.gif>

Good afternoon, John and Peter.

BCLC are scheduled to meet with Minister Eby on Oct. 23rd from 3-4PM to provide a presentation re anti-money laundering.

The DAG, Bud Smith, Jim Lightbody and Rob Kroeker are confirmed to attend.

Are you available to attend as well?

The meeting is scheduled to take place in the Minister's office - s.15

Thank you, C

From: [Mazure, John C GPEB:EX](#)
To: [German, Peter](#)
Cc: [Vear, Maureen GPEB:EX](#)
Subject: RE: GPEB support for AML Review
Date: Thursday, October 5, 2017 2:48:00 PM

Minister signed them. You were copied on all letters so you should receive soon. If not let me know and I will have them sent to you.

From: German, Peter [<mailto:german@allard.ubc.ca>]
Sent: Thursday, October 5, 2017 2:44 PM
To: Vear, Maureen FIN:EX
Cc: Mazure, John C FIN:EX; Meilleur, Len FIN:EX; Fitzgerald, Anna FIN:EX; Kendall, Janelle FIN:EX
Subject: Re: GPEB support for AML Review

Thanks. Can you advise who signed them please? Also, if I could be provided with copies. Thanks.
Pete

Sent from my iPhone

On Oct 5, 2017, at 2:05 PM, Vear, Maureen FIN:EX <Maureen.Vear@gov.bc.ca> wrote:

Confirming that letters have been signed and processed.

Maureen Vear
Gaming Policy and Enforcement Branch
250-387-1301

<image001.jpg>

From: German, Peter [<mailto:german@allard.ubc.ca>]
Sent: Thursday, October 5, 2017 1:00 PM
To: Mazure, John C FIN:EX
Cc: Meilleur, Len FIN:EX; Fitzgerald, Anna FIN:EX; Kendall, Janelle FIN:EX; Vear, Maureen FIN:EX; German, Peter
Subject: RE: GPEB support for AML Review

Thanks very much, John. It was nice to meet you as well!

We will set things up with Len.

With respect to the letters, can you advise if they have been signed by the AG / DAG?

Tx.... pete

Peter M. German, Ph.D.

President
International Center for Criminal Law Reform
Allard Hall, University of British Columbia
1822 East Mall, Vancouver, B.C., Canada V6T 1Z1
www.icclr.law.ubc.ca
german@allard.ubc.ca
mobile (604) 916-9030

From: Mazure, John C FIN:EX [<mailto:John.Mazure@gov.bc.ca>]
Sent: Thursday, October 5, 2017 12:18 PM
To: German, Peter <german@allard.ubc.ca>
Cc: Meilleur, Len FIN:EX <Len.Meilleur@gov.bc.ca>; Fitzgerald, Anna FIN:EX <Anna.Fitzgerald@gov.bc.ca>; Kendall, Janelle FIN:EX <Janelle.Kendall@gov.bc.ca>; Vear, Maureen FIN:EX <Maureen.Vear@gov.bc.ca>
Subject: GPEB support for AML Review

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As I mentioned yesterday, Len will be your first point of contact for any info you require for the review. All such info will be provided to you through my office.

I have attached the slides BCLC included regarding AML in their briefing of the AG in Kamloops on July 31.

Regarding briefings that GPEB has provided to the AG on AML, Len advises that he is willing to provide in-person briefings to yourself and Jerome at your convenience.

Let me (Len) know if you need anything further.

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To: [Vear, Maureen GPEB:EX](#)
Cc: [Mazure, John C GPEB:EX](#); [Meilleur, Len FIN:EX](#); [Fitzgerald, Anna GPEB:EX](#); [Kendall, Janelle GPEB:EX](#)
Subject: Re: GPEB support for AML Review
Date: Thursday, October 5, 2017 2:44:17 PM

Thanks. Can you advise who signed them please? Also, if I could be provided with copies.
Thanks. Pete

Sent from my iPhone

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Maureen Vear
Gaming Policy and Enforcement Branch
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Cc: Meilleur, Len FIN:EX; Fitzgerald, Anna FIN:EX; Kendall, Janelle FIN:EX; Vear, Maureen FIN:EX; German, Peter
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www.icclr.law.ubc.ca
german@allard.ubc.ca
mobile s.22

From: Mazure, John C FIN:EX [<mailto:John.Mazure@gov.bc.ca>]

Sent: Thursday, October 5, 2017 12:18 PM

To: German, Peter <german@allard.ubc.ca>

Cc: Meilleur, Len FIN:EX <Len.Meilleur@gov.bc.ca>; Fitzgerald, Anna FIN:EX <Anna.Fitzgerald@gov.bc.ca>; Kendall, Janelle FIN:EX <Janelle.Kendall@gov.bc.ca>; Vear, Maureen FIN:EX <Maureen.Vear@gov.bc.ca>

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Date: Thursday, October 5, 2017 2:27:00 PM

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From: [Mazure, John C GPEB:EX](#)
To: [Vear, Maureen GPEB:EX](#)
Subject: FW: GPEB support for AML Review
Date: Thursday, October 5, 2017 1:01:00 PM

Pls followup with the DAG office on the 4 letters. thx

From: German, Peter [<mailto:german@allard.ubc.ca>]
Sent: Thursday, October 5, 2017 1:00 PM
To: Mazure, John C FIN:EX
Cc: Meilleur, Len FIN:EX; Fitzgerald, Anna FIN:EX; Kendall, Janelle FIN:EX; Vear, Maureen FIN:EX; German, Peter
Subject: RE: GPEB support for AML Review

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Peter M. German, Ph.D.
President
International Center for Criminal Law Reform
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Let me (Len) know if you need anything further.

memo



To: Jim Lightbody
President & CEO

Date: December 11, 2017

From: Rob Kroeker
Chief Compliance Officer & VP Legal, Compliance,
Security

Subject: German Interim Recommendation #1 - Source of Funds Declarations

On December 5, 2017, the Attorney General announced that Mr. Peter German, who is conducting a review of money laundering controls at casinos, amongst other things, has made two interim recommendations. The first of the two recommendations relates to the conduct and management of gambling and speaks to business transactions between customers and BCLC casinos. Specifically, Mr. German recommended:

First, I recommend that Gaming Service Providers (GSPs) complete a source of funds declaration for cash deposits and bearer monetary instruments which exceed the FinTRAC threshold for Large Cash Transactions of \$10,000. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or financial instrument was sourced. In the case of new customers, after two transactions, cash should only be accepted from the customer if the veracity of the previous answers has been confirmed and is not considered suspicious.

The second recommendation was directed to GPEB and relates to staffing of investigators in casinos.

The Attorney General stated in his announcement that he had:

... directed the BC Lottery Corporation (BCLC) and government's Gaming Policy and Enforcement Branch (GPEB) to implement the recommendations as soon as possible.

BCLC's Anti-money Laundering Unit has now completed the work necessary to implement the first recommendation. In every instance where a player buys-in for an amount of \$10,000 or more, s.15

It is now possible for BCLC to implement these new procedures, in collaboration with service providers, effective December 18, 2017.

Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, BCLC is required to take reasonable measures to determine if any reportable transaction is being conducted on the part of a third party. Inquiries in relation to reasonable measures dovetail with the new source of funds requirements. Accordingly, BCLC has modified buy-in procedures to ensure service providers conduct and record source of funds and reasonable measures inquiries contemporaneously. Linking the collection of source of funds and reasonable measures information provides for administrative efficiency and reduces the risk of error and oversight.

The source of funds declaration document and a policy directive to service providers are attached to this memorandum.

s.13,s.15,s.17

Page 26 to/à Page 28

Withheld pursuant to/removed as

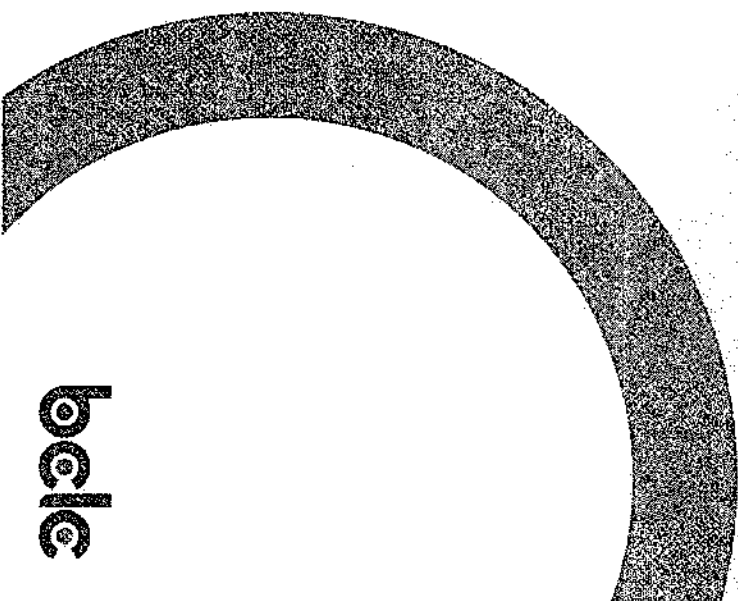
s.15

Page 29 to/à Page 37

Withheld pursuant to/removed as

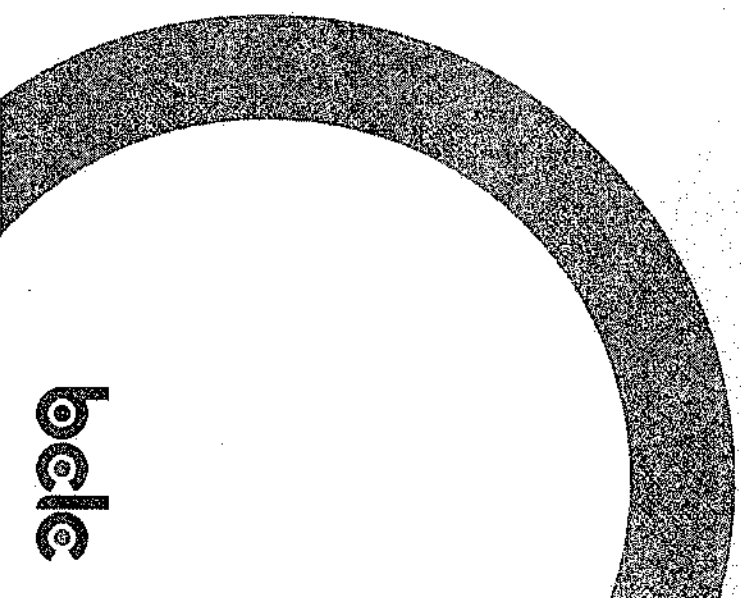
s.13

Anti-Money Laundering Program



Canada's AML Regime: Roles & Responsibilities

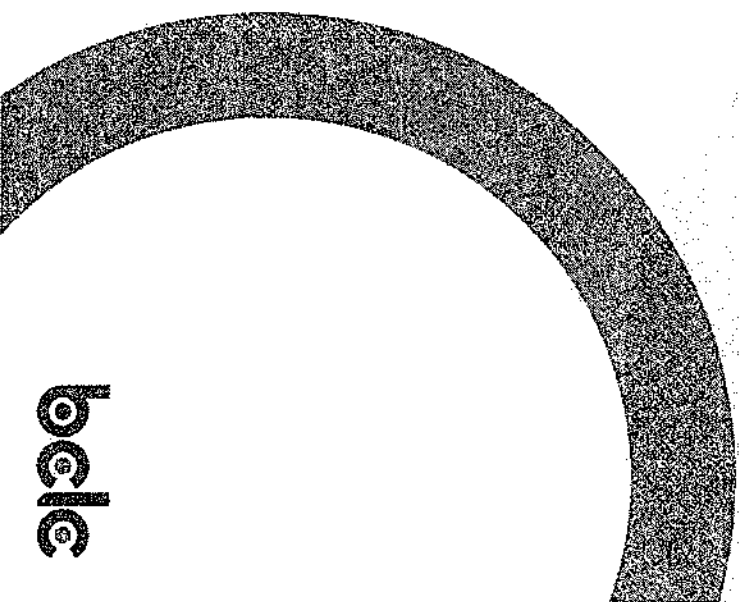
Bele	FINTRAC	Police
<ul style="list-style-type: none"> Observe, detect, record and report Assess and document ML risks related to products and services Implement controls to help prevent ML 	<ul style="list-style-type: none"> Receive and analyze reports from reporting entities Identify circumstances involving ML Report out to police Monitor reporting entities for compliance 	<ul style="list-style-type: none"> Protect gaming through investigation of ML and TF offences Recommend charges to Crown



AML Program Audits

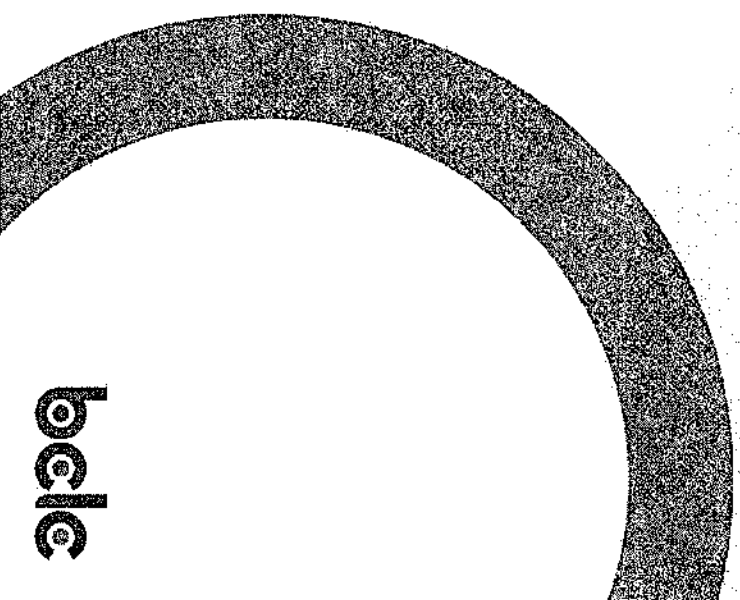
- FINTRAC audits BCLC's Compliance Program every two years.
- BCLC also engages a national accounting firm every two years to conduct an independent audit.
 - Currently underway with Ernst and Young.
- GPEB audits BCLC's program periodically and monitors its reporting to FINTRAC on an on-going basis.
- FINTRAC's July 2016 audit found no deficiencies in AML procedures or reporting.
 - One deficiency was found in relation to training, which has been addressed.
- During the audit exit interview FINTRAC advised that BCLC's Compliance Program was a leader in the sector.

18



Joint Illegal Gaming Investigative Team (JIGIT)

- BCLC reported illegal gambling houses to RCMP in 2014
- This led to the formation of JIGIT, which BCLC provides \$3 million annually to fund
- BCLC continues to advocate for law enforcement to shut down illegal gaming houses and for access to the names of individuals known to police to proactively ban





Know your limit, play within it.

December 15, 2017

544186

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver, B.C. V5M 0A6

Dear Mr. Lightbody

Re: Peter German recommendation relating to Source of Funds Declaration

I am writing in response to your December 13, 2017 letter to John Mazure that included a draft Reasonable Measures / Source of Funds Declaration and British Columbia Lottery Corporation (BCLC) Directive to Service Providers regarding the Declaration.

As stated in John Mazure's December 13, 2017 letter to you, the Gaming Policy and Enforcement Branch (GPEB) is committed to working collaboratively with BCLC to implement Dr. German's recommendations as soon as practicable.

GPEB has reviewed the Declaration and Directive provided and we have a number of comments and questions about the content of both documents as well some questions about the implementation of the Declaration. These comments and questions are included in the enclosure.

GPEB is responsible for the overall integrity and regulation of gambling in British Columbia. As such, I would like to reiterate the need for GPEB to approve the final version of the Source of Funds Declaration and the policies and procedures around its use prior to the implementation of the Declaration.

.../2

**Ministry of
Attorney General**

Gaming Policy and
Enforcement Branch
Assistant Deputy
Minister's office

Mailing Address:
PO BOX 9311 STN PROV GOVT
VICTORIA BC V8W 9N1
Telephone: (250) 387-1301
Facsimile: (250) 356-8237

Location / Courier Address:
Third Floor, 910 Government Street
Victoria, BC V8W 1X3
Web: www.gaming.bov.bc.ca

I would also like to emphasize the pivotal role that gambling facility service providers will be expected to play in administering the Declarations. This creates the opportunity to take a collaborative approach with service providers in developing and implementing a Source of Funds Declaration that will reduce the risk of the proceeds of crime entering B.C. gambling facilities.

Should you have any questions or concerns, please contact me.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Kim Bruce", is written over a horizontal line.

Kim Bruce
A/Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Ministry of Attorney General

cc. John Mazure

Enclosure

Page 44 to/à Page 46

Withheld pursuant to/removed as

s.13



Know your limit, play within it.

December 13, 2017

543730

Jim Lightbody
CEO and President
British Columbia Lottery Corporation
2940 Virtual Way
Vancouver B.C. V5M 0A6

Dear Mr. Lightbody

Re: Peter German recommendations

I am writing to follow-up on our December 6, 2017 phone call regarding the Attorney General's direction for the B.C. Lottery Corporation (BCLC) and the Gaming Policy and Enforcement Branch (GPEB) to implement Dr. Peter German's recommendations as announced by the Attorney General on December 5, 2017.

As part of his independent review of anti-money laundering policies and practices in Lower Mainland casinos, the Attorney General asked Dr. German to provide government with recommendations considered important to reducing or eliminating ongoing criminal or overtly suspicious activity, particularly involving large cash transactions. Dr. German has provided the following recommendations:

1. Gaming service providers (GSPs) must complete a Source of Funds Declaration for cash deposits or bearer bonds of \$10,000 or more. At a minimum, the declaration must outline a customer's identification and provide the source of their funds, including the financial institution and account from which the cash or bond was sourced. After two consecutive transactions, cash can only be accepted from the customer once it has been determined that it is not of a suspicious or illegal nature.
2. Government regulators must be seen on site at large, high-volume facilities on the Lower Mainland and available to the GSPs. Once staffing is in place, a GPEB investigator will be on-shift and available to high-volume casino operators in the Lower Mainland on a 24/7 basis. This presence will allow for an increased vigilance required in casinos. In particular, it will assist with issues surrounding source of funds, third-party cash drops, and other operational support for GSPs and BCLC.

.. /2

I would like to reiterate GPEB's commitment to working collaboratively with BCLC to implement the above recommendations as soon as practicable.

With respect to the first commitment, you mentioned in the meeting that BCLC would provide GPEB with a draft Source of Funds Declaration for review. As discussed, it is critical that GPEB approve the Source of Funds Declaration and the policies and procedures around its use prior to implementation.

With respect to the second commitment, I expect BCLC and GPEB to work together to determine which Lower Mainland casinos require the presence of a GPEB investigator and the best approach to providing this support.

Should you have any questions or concerns, please contact me.

Yours sincerely,

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
Ministry of Attorney General

December 13, 2017

Gaming Policy & Enforcement Branch
Ministry of the Attorney General
3rd Floor - 910 Government Street
Victoria, BC V8W1X3

Attention: John Mazure
Assistant Deputy Minister

Dear John:

Re: Peter German recommendations

Thank you for your letter today regarding the implementation of Peter German's recommendation relating to a Source of Funds Declaration (SoFD). I want to clarify several points arising from your letter, specifically, your comment that "...it is critical that GPEB approve the Source of Funds Declaration and the policies and procedures around its use prior to implementation."

On December 6, 2017, you and I met with Anna Fitzgerald, Michele Jaggi-Smith, Jeff Henderson from GPEB, Brad Desmarais and Rob Kroeker from BCLC to discuss the initial two recommendations made by Peter German. At that time, we shared with you BCLC's thoughts regarding implementation of the SoFD recommendation which we all agreed was directed towards BCLC.

As noted, section 8 of the *Gaming Control Act* (GCA) gives BCLC the authority to enact rules which have the force of law. As a practical matter, BCLC also develops the operational policies and procedures that support its rules. The relevant GCA sections for the SoFD recommendation are:

- Section 8(1)(a): requiring and governing books, accounts and other records to be kept by registered gaming services providers, including but not limited to establishing time schedules for the retention of those books, accounts and other records; and
- Section 8(1)(e): respecting the handling of money and money equivalents received from players of games of chance by the lottery corporation, licensees and gaming services providers.

On December 6th, we indicated that we would collaborate with GPEB to align our approach to the recommendations. BCLC indicated that we would provide GPEB with our SoFD implementation draft for GPEB's comment. Anna Fitzgerald asked us if BCLC could provide some information to assist GPEB in understanding how to move forward on the second recommendation around government regulators being on site. We agreed with the suggestion made by Anna that GPEB would send us a list of questions around that issue and that we would be happy to oblige with feedback.

On December 8, 2017, you and I had a telephone conversation in which I reiterated that BCLC intends to implement the SoFD recommendation expediently and that we would provide GPEB our draft for review and comment the following week.



74 West Seymour Street
Kamloops, BC V2C 1E2

T 250.828.5500
F 250.828.5631

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424
bclc.com

On December 12, 2017, I sent to yourself and Kim Bruce (who you advised me would be acting on your behalf) three documents regarding our implementation plan for the SoFD recommendation (I have attached the documents to this letter for ease of reference). As noted in my email to yourself and Kim Bruce, we requested that GPEB advise us of any questions or concerns by end of day, December 15th, 2017. BCLC is prepared, as per the Minister's direction, to implement as soon as practicable the SoFD recommendation on Monday, December 18th, 2017.

We want to work with GPEB to ensure alignment in our approach to these two recommendations from Peter German which is why we sent the documents for GPEB's review. However, BCLC does not agree with your assertion that GPEB approval is required before BCLC's implementation of the SoFD recommendation. We are prepared to consult with GPEB, however, our authority to implement arises from the GCA and specifically, section 8.

If GPEB is able to provide its comments by December 15th, BCLC will take them under advisement and if necessary, revise the current proposed SoFD. I am concerned that your letter seems to suggest that it may take considerable time for GPEB to complete its review of our SoFD. We do not want to unduly delay implementation of Peter German's recommendation to us.

John, your letter does not explicitly state whether or not GPEB will meet BCLC's requested timeline. If you are asking for a few more days to review our implementation plan, please advise and if reasonable, we will be happy to accommodate your request. As stated earlier, we could be ready as early as December 18th to implement the recommendation if there are no major concerns.

I am confident that our two organizations can work together to implement these initial recommendations by Peter German. From our perspective, the rationale for the Minister to direct Peter German to make recommendations during the process stems from a desire to see a swift response to any suggested improvements. BCLC is ready to deliver substantive action on the SoFD recommendation and we look forward to GPEB's cooperation in meeting our timeline.

Yours truly,
s.22

/s/ Jim Lightbody/
President & CEO

cc: Kim Bruce, Executive Director
File

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