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

PURPOSE: For INFORMATION of David Eby, QC
Attorney General

ISSUE: Unregulated Online Gambling

SUMMARY:

s.13; s.14; s.17

- The Government of Ontario announced it is pursuing a "competitive market for online legal gambling that will reflect consumer choice" and has completed industry consultation. It is expected Ontario will move forward with implementation in 2020.
- GPEB has discussed the design of Ontario's regulatory model for licensed online gambling with Ontario's gambling regulator. As it would be the first of its kind in Canada, it would set industry expectations for a similar model in any other province.

BACKGROUND:

s.13; s.14; s.17

Memorandum of Argument

s.14

s.14

s.13

Risk Analysis

s.13; s.14

Online Gambling in Ontario

- Ontario's 2019 budget stated; "...the Province intends to establish a competitive market for online legal gambling that will reflect consumer choice while protecting consumers who play on these websites."³
- Ontario is moving quickly to pursue implementation of a model for online gambling that brings unregulated online gambling operators into a regulated framework. They

s.13; s.14

have completed industry consultations and are on track to introduce enabling legislation in 2020.

- s.14; s.16

Previous Actions

- s.14

- s.17

- In October 2019, in response to a Treasury Board request to identify opportunities to increase revenue, BCLC received approval to increase weekly deposit limits on PlayNow from \$9,999 to \$100,000 and to increase individual player account balance limits from \$9,999 to \$250,000. ^{s.17}

s.17

Next Steps:

s.13; s.14; s.17

s.13; s.17

- Analysis could be undertaken to estimate revenue projections under a licensing model. In 2018, BCLC completed preliminary analysis of revenue impacts of different models; however, analysis relied on the assumption that unregulated operators could be fully blocked under any given model, which is not possible. BCLC would need government to provide a description of the specific attributes of a proposed licensing model to provide more accurate analysis of revenue projections.

OTHER ENTITIES IMPACTED:

- BCLC currently operates a successful, regulated online gambling platform in BC.s.13; s.13; s.17

Prepared by:

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Gaming Policy and Enforcement Branch
778-698-2223

Approved by:

Sam MacLeod
Assistant Deputy Minister and
General Manager
Gaming Policy and Enforcement Branch
778-698-2277

Attachment(s)

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

PREPARED FOR: Mike Farnworth, Minister of Public Safety and Solicitor General,
and Deputy Premier.

ISSUE

- Unregulated online gambling and the proliferation of online gambling advertising.

SUMMARY:

- The legalization of single event sports betting in Canada in 2021 coupled with the launch of a new regulated online gambling market in Ontario in 2022 has led to a proliferation of online gambling advertising across Canada and confusion among British Columbians about which online gambling websites are permitted in BC.
- The BC Lottery Corporation's (BCLC) PlayNow.com website is the only regulated online gambling website in BC. However, many commercial gambling websites hosted outside of Canada, including some that are regulated in Ontario, advertise in BC and allow British Columbians to gamble on their platforms.
- The Gaming Policy and Enforcement Branch (GPEB) is working with the Crown Agencies Secretariat (CAS) in the Ministry of Finance to consider options to address unregulated online gambling websites in BC and provide advice for ministers.

BACKGROUND:

- In August 2021, the federal government amended the *Criminal Code* to allow Canadians to place bets on single sporting events, fights, and races.
- In April 2022, Ontario launched a new regulated online gambling market in their province conducted and managed by iGaming Ontario. iGaming Ontario has contracted with over 75 private operators, such as Bet 365, BetMGM, PokerStars, Draft Kings, and Party Casino, to deliver online gambling to Ontarians.
- These websites are intended only for players that are physically located in Ontario, but they may redirect out-of-jurisdiction players to international sites.
- Some operators have purchased significant national advertising packages with Canadian broadcasters that air across Canada. This has created market confusion for customers and an over-saturation of gambling advertising.
- Unregulated gambling websites operate outside of provincial jurisdiction and are not subject to GPEB's standards of integrity set for BCLC's PlayNow.com, including advertising and marketing standards and responsible gambling standards.

- GPEB has received inquiries about the proliferation of online gambling advertising, including through media requests, MLAs, the Health Officers Council of BC, and correspondence from the public.
- BC does not have the authority to regulate national broadcasting and the tools available to do so would be at the federal level.
- On June 20, 2023, a Senate private members' Bill S-269 was introduced. The Bill proposes a national framework to regulate sports betting advertising across Canada, limits on advertising, and ways to address the effects of harmful gambling activities.
- s.16

Provincial Analysis

- s.17

- s.17

- s.12; s.17

- s.12; s.14; s.17

INDIGENOUS PEOPLES CONSIDERATIONS:

- s.16

- s.14; s.16

APPROVALS & CONTACTS:

Prepared July 11, 2023 by: Jillian Hazel/Executive Director/GPEB/778-698-2223

Approved July 11,2023 by: Angela Swan / A/Assistant Deputy Minister /GPEB/ 250-508-4673

Approved [date] by: David Hume / A/Deputy Solicitor General

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s.13



November 30, 2022

Proposed BC iGaming policy position – submission to GPEB

Further to GPEB's request, the BCGIA (or "the association"), on behalf of BC's casino Service Providers, welcomes the opportunity to provide GPEB an overview of the association's position pertaining to the provision of legal, regulated online gaming in the province of BC.

Context

The association recognizes that the BCLC is currently the only legal and regulated provider of online gaming - through their PlayNow platform – in the BC marketplace. Moreover, the association is grateful that the BCLC unilaterally offered a revenue sharing agreement with Service Providers during the height of the COVID-19 pandemic as a means of recognizing that many casino players that had frequented land-based facilities had migrated to PlayNow as their only option to game at that time, and that Service Providers supported the BCLC in using land-based player data to maximize this migration.

The BCLC has recently informed Service Providers that the PlayNow revenue sharing agreement will be "shifting to a pay for performance model" as of January 1st, 2023; at this time, it is not fully understood how the new model prescribed by the BCLC may impact the aspirations of Service Providers to pursue a more player-integrated and "omnichannel" gaming experience between Playnow and Service Providers' land-based operations in the province, but the model prescribed does not afford that opportunity in the immediate term.

Casino Service Provider Objectives/Aspirations

Prior to the model that has been prescribed going forward for PlayNow revenue sharing, Service Providers felt sufficiently incentivized by the BCLC's revenue share model to support the concept of the BCLC's PlayNow platform continuing to be recognized as the only legal and regulated provider for online gaming in the BC marketplace.

However, to realize longer term success that captures market share from unlicensed online operators, is fair to – and provides incentive for - Service Providers, and generates meaningful revenue for the Treasury, the association is advocating with the BCLC for the following:

- Longer term revenue share agreement with Service Providers that provides certainty for future investments and resources dedicated to creating a true omnichannel experience for players.



- To maximize the player experience through an omnichannel product that better aligns PlayNow with land-based facilities, Service Providers need greater data visibility into player behaviour and analytics, and the ability to use these player databases, as well as a seamless integration of online and land-based tools and products (shared loyalty, shared “wallet”, aligned marketing and promotional programs, etc.).
- Service Providers need to be meaningful partners in the omnichannel experience. This includes being incented to make the program a success by being appropriately compensated as players move between channels.

As noted above, the BCLC is revising the current PlayNow revenue share model with Service Providers as of January 1st, 2023; as such, it does not appear at this time that the aspirations noted above are realistic or attainable at this juncture. The BCLC has committed to a meeting with the association in January to discuss the longer-term prospect of a true player-integrated, omnichannel experience; the association is hopeful that greater clarity regarding that potential will be better understood at that time.

Provincial Government Objectives/Aspirations

Service Providers recognize that other North American jurisdictions are employing different approaches to service their online gaming marketplaces, and that one approach is to “liberalize” the market whereby multiple private sector operators are licensed to operate online. In almost every instance across North America where markets have been opened to allow for private sector participation, governments and regulatory agencies have taken measures to allow land-based casino operators to not only participate in the online space, but have shown preference to them, recognizing their substantial investments and economic impact in their respective jurisdictions. For instance, such measures have come in the form of preferential gaming tax rates (or at the very least, tax rate parity between the online and land-based spaces), “tethering” online gaming licenses to land-based operations and limiting the number of online gaming licenses awarded per jurisdiction. Moreover, there are emerging examples and instances where market migration to online platforms is either stunting the recovery of land-based jurisdictions from the impact of the pandemic, or actually contributing to gaming revenue decreases (see reports attached).

If the BC provincial government chose to pursue a liberalized online gaming model, and in order to protect the substantial investments and employment supported by Service Providers, the following is imperative:



- **The revenue share agreements for online operators to be the same as the current agreements with Service Providers.** The association feels this is a critical factor in order to ensure parity, especially considering that online operators will not employ British Columbians in the thousands like land-based Service Providers do or have capital investments anywhere near what Service Providers currently support.
- Tethering online operations to land-based facilities, in order to both protect the health of land-based operations, as well as maximize the omnichannel player experience tethering will afford. The tethering of online and land-based operations is typical practice in the major gaming jurisdictions in the US for these reasons.
- Limits on bonuses and free play offered, as well as how bonuses and free play can be promoted and advertised.
- Limitations on advertising and sponsorship, to avoid the current volume of advertising across Canadian media mediums that has led to widespread public and political blowback.
- Service Providers that choose to introduce their own online platform be granted the following:
 - A rebate on their revenue sharing agreement for online wagering that is based on the number of jobs the Service Provider supports in its land-based operations.
 - Full access to, and use of, its player database that currently resides with the BCLC.
 - Commitment from BCLC not to use databases that would reside with Service Providers for marketing their PlayNow products.
 - Ability to create their own omnichannel experience, including shared loyalty, shared wallet, and aligned marketing and promotional programs.
- Appropriate responsible gaming policies, including a province-wide self-exclusion program that mirrors the program in place for land-based operations, as well as dedicated funding to responsible gaming programs/services.
- Strong government and law enforcement action to crack down on illegal online operators who choose not to get licensed to operate in the province.

Conclusion/Next Steps

To summarize, the association appreciates the opportunity to submit its thoughts on this important topic, as well as the fact that the provincial government may be assessing how best to manage the online gaming market moving forward.



BC's casino Service Providers have made substantial capital investments, employ thousands of British Columbians in 37 communities across the province, and generate over one billion dollars annually, on behalf of the BCLC, to support important programs like health care, social services, education, and First Nations. Our overarching concern with any liberalization of the province's online gaming market is that sufficient and effective measures are adopted to protect BC's land-based casino sector and the positive economic impact it generates (especially as the sector is still recovering from the ravages of the pandemic) and allows for a fair and competitive marketplace between the online and land-based sectors.

We recognize that much work remains before the provincial government can make a well-informed and evidence-based decision regarding a material topic like the long-term direction for online gaming in the province. Within that context, we want to again emphasize our appreciation for the opportunity to provide our initial thoughts, and we would welcome further opportunity to engage on this important issue in the future.

2019/20 ESTIMATES NOTE**Unregulated Online Gambling****KEY MESSAGES:**

- The B.C. Lottery Corporation (BCLC) has the delegated authority to conduct and manage commercial gambling in B.C.
- BCLC's Playnow.com website is the only provincially regulated online gambling website in British Columbia.
- The B.C. government is concerned about the risks that unregulated gambling websites pose to British Columbians, such as potential fraud or cheating, access by minors, lack of responsible gambling features, and potential risk of money laundering.
- Actions to address unregulated online gambling websites are complex because provinces are responsible for public safety and may operate and regulate gambling in their jurisdictions, while the federal government has responsibility for the Criminal Code.
- I have asked staff to explore all potential options to address unregulated online gambling at the provincial level. Our goal is to ensure the largest number of online gamblers play on a safe, regulated platform.
- B.C. is also working with federal and provincial colleagues across Canada to raise this issue at the national level.
- The Gaming Policy and Enforcement Branch led regulators in Alberta, Manitoba, and Nova Scotia to make a complaint to Advertising Standards Canada about the advertisement of unregulated gambling sites.

If asked about Ontario Budget:

- We are aware of the statements made by Ontario's provincial government in their recent budget. GPEB has been in contact with their counterparts in Ontario and will continue to closely monitor any developments.

- B.C. fully supports Ontario's efforts to work with the federal government to pursue changes to the Criminal Code to allow single-event sports betting.

STATISTICS:

- BCLC estimates there are over 2,200 unregulated websites that offer their online gambling platforms to British Columbians.

BACKGROUND:

- s.13; s.14

- s.16

- GPEB led provincial regulators in Alberta, Manitoba and Nova Scotia in a complaint to Advertising Standards Canada (ASC). The complaint outlines instances in which unregulated online gambling platforms have violated the Canadian Code of Advertising Standards. It requests the ASC to instruct unregulated online gambling providers to withdraw their ads and provide notification that similar advertising is not permitted by Canadian media. A response from ASC is pending.
- Ontario's 2019 budget included a commitment to "legalizing online gaming in Ontario" as part of their new "consumer-focused strategy for gambling". Currently, PlayOLG.ca which is operated by OLG is the only regulated site in Ontario. GPEB has been in contact with regulators in Ontario; however, details of how Ontario will implement this commitment have not been shared.

2020/21 ESTIMATES NOTE**Unregulated Online Gambling****KEY MESSAGES:**

- The B.C. Lottery Corporation (BCLC) has the delegated authority to conduct and manage commercial gambling in B.C.
- BCLC's PlayNow.com website is the only provincially regulated online gambling website in British Columbia.
- The B.C. government is concerned about the risks that unregulated gambling websites pose to British Columbians, such as potential fraud or cheating, access by minors, lack of responsible gambling features, and potential risk of money laundering.
- Anecdotally, we are aware of international polls that suggest online gambling has increased both in the regulated and unregulated market due to the COVID-19 pandemic. At this time, we have no Canadian data that quantifies the increase on the unregulated market. In B.C., there has been a 41% increase in player registration on BCLC's PlayNow.com website from March 13-May 13, 2020.
- The BC Responsible and Problem Gambling helpline states *"At this time there is not an increase of callers reporting they have been gambling online, losing money or needing counselling"*.¹
- B.C. fully supports the introduction of the Government of Canada's Bill C-218, the *Safe and Regulated Sports Betting Act* which would allow for single-sports betting if passed. This would end a billion-dollar black market and allow for proper regulation and taxation to benefit Canadians.
- I have written a letter to the federal Minister of Justice and Attorney General of Canada, the Honourable David Lametti, to indicate British Columbia's support of

¹ GamInfo Line statistics from April 1st to April 13th, the number of calls decreased by 42% compared to the same period in 2019. There was a decrease in the number of calls with COVID-19 and the closing of the casinos. However, major capacity issues at bc211 also resulted in reduced call volume across all lines due to the Safe Seniors, Strong Communities program initiated in connection with the Ministry of Health. Effort is ongoing to deal with the capacity issues and trends are improving as a result.

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the Act. Our goal is to ensure online gamblers participate in sports betting play on a safe, regulated platform in Canada.

STATISTICS:

- GPEB estimates there are over 2,200 unregulated websites that offer online gambling platforms to British Columbians.
- BCLC research shows that approximately 77 per cent of active Encore Rewards members (either with or without a PlayNow.com account) play on the more than 2,200 grey-market sites operating in B.C.
- The Canadian Gaming Association estimates Canadians wager approximately \$10 billion annually on sports betting through illegal bookmaking operations in Canada, usually operated by organized crime. More than \$4 billion is wagered through offshore online sports wagering sites. Currently, only \$500 million is wagered through legal provincial sports lottery products offered to Canadians.

BACKGROUND:

- s.16; s.17
- GPEB is currently exploring options to obtain an independent assessment of B.C.'s online gambling market. s.16
s.16
s.16 s.13; s.14
s.13; s.14
- In February 2020, a private member's bill – *Safe and Regulated Sports Betting Act* – was introduced for the third time in the House of Commons. The Bill proposes the repeal of single sports betting found in paragraph 207(4)(b) of the *Criminal Code* which makes it illegal for Canadians to wager on a single sport event, athletic contest, race or fight. This Bill was previously passed in the House of Commons in 2012 but died in the Senate when a

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federal election was called in 2015. The Bill was again introduced in 2017 but was defeated in the House of Commons by the governing Liberal Party.

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

PREPARED FOR: Doug Scott, Deputy Solicitor General,
Ministry of Public Safety and Solicitor General *and*
Cheryl May, Associate Deputy Minister, Crown Agencies Secretariat.

ISSUE:

Completion of an assessment of gross revenue potential for online gambling models in BC

SUMMARY:

- In April 2022, Ontario launched iGaming Ontario and began licencing previously unregulated online gambling websites, resulting in a proliferation of online gambling advertising and speculation that BC will follow Ontario's lead.

s.13; s.17

BACKGROUND:

s.13; s.17

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s.13; s.17

INDIGENOUS PEOPLES CONSIDERATIONS:

s.16; s.17

APPROVALS & CONTACTS:

Prepared by: Jillian Hazel/Executive Director/Gaming Policy and Enforcement Branch/778-698-2223

Approved by DATE: Sam MacLeod / Assistant Deputy Minister and General Manager / Gaming Policy and Enforcement Branch / 778-698-3843

ATTACHMENT:

s.13; s.17

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

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

ISSUE: Results of online gambling prevalence survey (Attachment A)

SUMMARY:

- The Gaming Policy and Enforcement Branch (GPEB) and BC Stats contracted R.A. Malatest & Associates Ltd. (Malatest) to estimate the prevalence of online gambling in British Columbia (BC) on both regulated (PlayNow.com) and unregulated sites.
- Malatest's survey estimates 14.5% of BC adults gambled online in the last year based on a random sample of over 1,500 BC adults. 6.8% of respondents only bought charitable raffle tickets and were therefore excluded from further analysis.
- The study found 7.7% of BC adults participated in commercial gambling online for real money. Equal proportions (2.9% each) of respondents gambled on PlayNow and on unregulated sites. 1.9% of respondents gambled on both or did not specify the site.
- In 2016, the British Columbia Lottery Corporation (BCLC) conducted research on online gambling prevalence using PlayNow data and online survey panels. BCLC's research estimated approximately 15% of BC adults gamble online.
- Results of this research will inform analysis of the options to address unregulated online gambling. s.13

s.13

BACKGROUND:

- Unregulated online gambling sites (i.e. other than BCLC's PlayNow) pose a risk to the integrity of gambling because they expose BC patrons to fraud, may lack adequate responsible gambling features, and may allow minors to play.
- To develop and assess policy approaches aimed at protecting citizens, it is important to understand the scope of unregulated online gambling in BC. GPEB worked with BC Stats to contract Malatest to conduct a population study to estimate the prevalence of online gambling in BC.

Research Methodology

- GPEB, BC Stats, and Malatest created a 10-minute survey.¹ Malatest administered it via phone and online. From July 5, 2018 to September 29, 2018, Malatest invited BC adults to participate via phone, mail, and social media. 1,502 adults responded.

Survey Findings

- The Malatest study found:
 - 7.7% of adults 19 and over gambled online in the previous year. 2.9% gambled only on PlayNow, 2.9% gambled on unregulated sites, and 1.9% gambled on both or did not specify a site.
 - Approximately 49% of gamblers reported gambling at least monthly, and approximately 38% reported gambling at least weekly.
 - Online gamblers tend to prefer PlayNow for lottery games but prefer unregulated sites for poker and sports betting.
 - Approximately 1 in 4 respondents cited better odds or chances of winning on unregulated sites as the top reason they chose sites other than PlayNow.

BCLC's Survey

- Malatest's results differ from BCLC's estimates. BCLC's 2016 survey estimated approximately 15% of BC adults 19 and over gambled online in the previous year. Approximately 5% gambled only on PlayNow, 6% gambled on unregulated sites, and 3% on both.
- The two surveys used differing sampling methods. GPEB's method relied on random digit dialing, randomly selected listed phone numbers, mailouts, and social media.
- BCLC's sampling method used an online sample purchased through third party vendor partners. The prevalence component of the study was derived from an online omnibus approach and used PlayNow data to set weighting criteria. A sample was used to ensure the distribution of important characteristics was approximately the same as in the target population.
- The difference in results between the two studies is based on the unique approaches of each methodology.
- As BCLC operates PlayNow, BCLC's survey results include the actual number of BC adults 19 and over who use a PlayNow account.

¹ BCLC contributed to the survey questionnaire design.

Next Steps

GPEB and BCLC are analyzing options to address unregulated online gambling. Survey results will be used to inform analysis on which option could be most effective at ensuring the greatest number of online gamblers play on regulated sites.

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Approved by:

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778-698-2277

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

PURPOSE: For INFORMATION for David Eby, QC
Attorney General

ISSUE: BCLC Discussion Paper – Advice on B.C. Online Gaming Model Options

RECOMMENDATION:

Clarify for BCLC the process for advising the Minister on policy to address unregulated online gambling.

SUMMARY:

- British Columbia Lottery Corporation (BCLC) has submitted a draft discussion paper which identifies and assesses implications of issuing contracts or licenses to additional online gambling operators in BC under a range of different model options including and excluding Playnow.com. s.13
- Gaming Policy and Enforcement Branch (GPEB) recommends a response from GPEB's General Manager advising BCLC that the Attorney General has instructed GPEB to provide options to address unregulated online gambling and GPEB will continue to lead policy work on this issue.

BACKGROUND:

s.13; s.14

- s.14 GPEB is engaged in the following work:
 - s.13

- **Survey** – Online gambling prevalence survey (including youth ages 14-18) with BC Stats to launch in June 2018;
 - **Responsible Gambling (RG) Standards** – Assessment of RG standards on leading unregulated and provincially operated online gambling sites;
 - **Cross jurisdictions research** – extensive research of online gambling models in a number of international jurisdictions (e.g. UK, Australia, Nevada, Denmark); and,
 - **Letter to Advertising Standards Canada** – collaborating with provincial gambling regulators to submit a special interest group complaint about unregulated online gambling advertising.
- On May 22, 2018, Jim Lightbody, President and CEO of BCLC, provided GPEB's General Manager, John Mazure, with a copy of a draft discussion paper, "Advice on BC online gaming model options", that was produced for BCLC by Ernst & Young (EY), and a copy of a BCLC briefing note for the AG seeking direction from the AG on next steps.

DISCUSSION:

- The draft discussion paper assesses five options for addressing unregulated online gambling, including preserving BCLC's monopoly (recommended) and variations of licensing and contracting select online providers. All options rely on preventing unregulated online providers from operating in B.C.

s.13; s.14

- The draft discussion paper cites the success of the UK in blocking unlicensed operators. However, the UK's success is based, in large part, on a model in which all qualified online operators are licensed to offer a full suite of online gambling products to UK residents. This option is not presented in the draft discussion paper. No jurisdiction with a monopoly model has been successful in blocking the majority of unregulated providers. Given there are over 2,200 websites offering gambling to B.C. residents, successfully blocking 100% of unregulated providers is not feasible.
- **Revenue Estimates** – The draft discussion paper provides incremental revenue estimates compared to the current state for the five options. Projecting revenue is highly complex and is reliant on a number of assumptions. The draft discussion paper does not describe the methodology used to arrive at these estimates. For example, there is no clear discussion about differing market capture rates and how these rates would change with different rates of taxation or different contract conditions with online operators.
- **Player Protection** – Although the draft discussion paper estimates the revenue that could be captured under the five options, it does not contemplate the number of players. Because some games provide much higher revenue per player (e.g., slot machines) than others (e.g., poker), revenue is not a proxy for players. It is critical to know the number of players that an option brings into the regulated environment, where they are provided with information and resources to support safe play, and to understand how effectively each option addresses player protection.

Next Steps

- GPEB's General Manager has the statutory responsibility to advise the Minister on broad policy, standards and regulatory issues (GCA s. 27 (2) (a)).
- BCLC's briefing note that accompanied the draft discussion paper recommends BCLC and GPEB form a working group to review the options identified by EY and make a recommendation to the AG on how to proceed with unregulated online gambling.
- GPEB supports working with BCLC; however, GPEB has, at the direction of the AG, already completed significant policy work about how to address unregulated online gambling. While future policy advice provided by GPEB may be informed by the draft discussion paper, it will also be informed by the other options to be explored as directed by the AG on April 11, 2018.
- GPEB recommends the General Manager of GPEB clarify in writing to the President and CEO of BCLC the following information (draft letter attached):
 - The AG has provided direction to GPEB to explore options to address this issue;
 - GPEB has the statutory mandate to provide broad policy advice to the AG on gambling and is to lead all future work on unregulated online gambling; and
 - GPEB will seek input from BCLC and other gambling stakeholders in the development of policy advice for the AG as appropriate.

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

PURPOSE: For INFORMATION for Doug Scott
Associate Deputy Minister

ISSUE:

The Gaming Policy and Enforcement Branch (GPEB) is surveying B.C. residents to determine online gambling prevalence. A component of this research includes youth aged 14-18.

SUMMARY:

- GPEB has engaged BC Stats and a third-party vendor to conduct a survey of online games and gambling participation among B.C. residents, including youth aged 14-18.
- GPEB has considered the implications of surveying youth and developed appropriate safeguards to protect youth participants.
- GPEB has prepared Q&As to respond to any inquiries about why youth are being included in a survey about gambling.

BACKGROUND:

- GPEB estimates there are more than 2,200 "unregulated" websites operating outside of B.C.'s legal gambling framework and offering online gambling to B.C. residents.
- GPEB is looking at options to address the risk presented by unregulated online gambling. To assess possible options and make evidence-based recommendations to government decision makers, GPEB needs to understand how B.C. residents are gambling online and who is gambling online.
- Many unregulated sites have limited controls in place to ensure their players meet the minimum age requirements and, while the minimum age for gambling in B.C. is 19, most unregulated sites have a minimum age of just 18.
- While GPEB is conducting a gambling prevalence survey to confirm the validity of BCLC's gambling prevalence estimates¹, GPEB is also including youth age 14-18 in the survey to quantify the risk unregulated online gambling websites present to B.C. youth.
- GPEB has engaged BC Stats and a third-party vendor to conduct a survey of B.C. residents. The vendor will obtain a minimum of 1,200 completions to be confident in the results across regions and demographics, gathering the following information through a telephone survey, mail out, and social media link:
 - What percentage of B.C. residents are playing games online;
 - Where are they playing (Playnow.com or unregulated sites);
 - What games are they playing (e.g. poker, lottery, eCasino);
 - Are they playing for fun only or for money; and
 - Why do they play on unregulated sites (e.g. different game offerings, more players, larger jackpots)?

¹ BCLC conducted market research of B.C. residents age 19 or older in 2016 and estimates that 15% of B.C. residents age 19 or older gamble online. BCLC arrived at this estimate, which is a significantly higher percentage than previous Canadian research about online gambling prevalence, through a purchased panel of only 800 participants.

- The survey will also gather information on youth participation in online games, including:
 - Free play gambling sites - many of the unregulated sites have partner free-play sites that “groom” customers for their paid version; and,
 - Games that are not traditionally considered gambling that often include elements of gambling, including eSports, social games (e.g. Candy Crush) and video gaming.

DISCUSSION:

- GPEB has reviewed relevant literature² to ensure that appropriate consideration has been given to the inclusion of youth in a survey, including the need to survey youth and whether to obtain parental consent.
- Research indicates that the inclusion of youth is justifiable when the research objective cannot be achieved by conducting research among the adult population only. For example, to understand B.C. youth behaviour, the McCreary Centre Society³ conducts the B.C. Adolescent Health Survey (AHS) every five years, surveying 30,000 B.C. youth on topics such as physical and mental health, substance use, gambling and sexual activity. Similarly, the only way to understand where youth are playing games and gambling online is to ask youth directly.
- Research also indicates that whether to seek parental consent should be determined on the basis of protecting the interests of youth and not as a way of placating parents. If youth aged 14 and older have sufficient decision-making capacity to determine whether they wish to participate in a survey, their autonomy should be respected. As a result, GPEB intends to seek consent from youth instead of parents / guardians for youth participation.
- The overriding consideration when surveying youth is whether their participation can be disturbing or harmful to youth. BC Stats has raised the query that youth survey participation could be considered harmful if it results in disclosure of a youth’s gambling behaviour to their parent or guardian. However, GPEB, through consultation with the Centre for Gambling Research at UBC, has identified the following safeguards to help mitigate risk to youth:
 - Ensuring participants understand the purpose and subject matter of the survey before agreeing to participate;
 - Advising participants that the survey is voluntary and they can stop their participation at any point in time;
 - Directing participants to responsible and problem gambling resources when appropriate; and
 - Advising telephone respondents that they can complete the survey at an alternate time and / or through an alternate method (i.e. online) to ensure privacy.
- To ensure youth participation, the survey will seek responses from anyone in the household aged 14 or older through both the telephone survey and the mail out. In addition, the survey mail-out will be partially targeted to communities with a higher percentage of population aged 14 to 18.

² Market and Research Intelligence Association – Appendix “K” – Guideline on Interviewing Children, Young People and Persons with Functional Cognitive Disabilities

Tri-Council Policy Statement – Ethical Conduct for Research Involving Humans (2014)

³ McCreary Centre Society is a not-for-profit committed to improving the health of B.C. youth through research, evaluation and community based projects (<http://mcs.bc.ca/>)

- BC Stats anticipates some survey respondents may question why government is surveying youth about online gambling. GPEB has prepared the attached Q&As (see Appendix A) to ensure government is in a position to respond appropriately to any inquiries. However, surveying B.C. youth on their behaviours is not unusual for the B.C. Government. The McCreary Centre Society's AHS is funded, in part, by the B.C. Ministries Health, Children and Family Development, Attorney General, and is supported by the Ministry of Education. Additionally, Health Authorities also conduct empirical research with B.C. youth.

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Jobs, Trades and Technology – GPEB has engaged BC Stats on the research project
- Dr. Luke Clark, Centre for Gambling Research at UBC - GPEB has consulted on the ethics and appropriate safeguards for surveying youth
- BCLC – GPEB has consulted with BCLC about the survey approach, methodology and content

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Attachment:

Appendix A - Q&As for public questions regarding youth participation in survey
Appendix B – Draft Online Gambling Survey Mail-out

Appendix A - Questions and answers regarding youth participating in online gambling survey

Q: Why is the British Columbia government surveying youth about gambling online?

A: It is important for us to understand how many B.C. youth are gambling online to make sure steps are taken to protect them from this risk.

The minimum age to gamble in B.C. is 19. There are more than 2,200 unregulated online gambling sites that offer gambling to B.C. residents, many of which allow anyone just 18 or older to play. Many other sites have free-play versions with no age restrictions. These sites are used to "groom" players for the paid version.

The B.C. Lottery Corporation's PlayNow.com uses an Equifax check to confirm the age of participants. Many unregulated online gambling sites have limited controls in place to ensure players meet minimum age requirements.

Q: How will you make sure youth participants are not negatively affected by their participation in the survey?

A: We have ensured that appropriate safeguards are in place to protect the welfare of youth. These safeguards include:

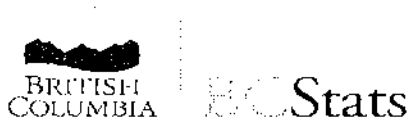
- Letting them know their participation is voluntary, they can stop at any point in time, or complete the survey at another time.
- Making sure they understand the survey's purpose and subject matter before agreeing to participate.
- Sharing information about responsible and problem gambling resources when appropriate.

Q: What are the risks to kids who gamble online?

A: The earlier children gamble, the more at risk they are of developing a problem. Canadian research shows that most problem gamblers began gambling, on average, at 10 years old.

Participation in gambling can also be confusing for youth. They may not understand the value of a wager or the consequences of losing that money.

There are also significant risks to all British Columbians gambling on unregulated sites online, including risk of fraud. It is vital that we protect children in B.C. from these dangers.



May XX, 2018

Re: **Online Games Site Usage Survey 2018**

The Government of British Columbia is interested in understanding **if** and **how** B.C. residents play games online. R.A. Malatest & Associates Ltd. has been hired by BC Stats, the provincial government's leader in statistical and economic research, information and analysis, to conduct this survey. Even if you do not participate in online games, your answers are important to this study. Anyone 14 years of age or older who lives in B.C. can participate in this survey. The survey will take between **5 to 8 minutes** to complete.

To complete the survey via **telephone**: Please call Malatest at **<1-800-XXX-XXX>**

Monday to Friday, 9:00AM to 9:00PM

Saturday, 10:00AM to 6:00PM

Sunday, 12:00PM to 8:00PM

To complete the survey **online**: Please enter the following link into your web browser address bar (not search engine): **<MALATEST SURVEY LINK>**

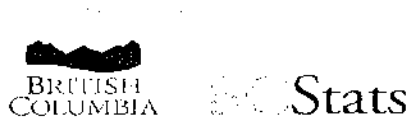
The survey can be completed in English, Punjabi, Cantonese, or Mandarin.

The survey will ask you questions about your online game playing, including online gambling. We are including youth age 14 years and older in the survey to understand if and how B.C. youth are gambling online.

Although the survey is open to youth, we are looking for responses from **all** B.C. residents age 14 or older. Please note that the survey is entirely voluntary and you may stop the survey at any time.

The information collected in this survey is kept confidential in accordance with the *Statistics Act*. Your answers will be used for statistical and research purposes only. When survey results are published, your responses will be combined with the responses of others so that you cannot be identified. Your contact information will not be provided to the B.C. Government. You can find more information about Malatest's privacy protocols at: www.malatest.com/Privacy.htm

Appendix B – Draft Online Gambling Survey Mail-out



If you have any questions or concerns about the survey, you can contact Malatest at **onlinegambling@malatest.com** or call <SURVEY HOUSE PHONE NUMBER>

Information for survey participants, including more about this Online Gambling Survey 2018, is available on the BC Stats website: <https://www2.gov.bc.ca/gov/content/data/about-data-management/bc-stats/info-for-survey-participants>

Thank you for contributing to this important research.

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2018/19 ESTIMATES NOTE**Unregulated Online Gambling****KEY MESSAGES:**

- The B.C. Lottery Corporation (BCLC) has delegated authority to conduct and manage commercial gambling in B.C. BCLC's Playnow.com website is the only regulated online gambling website in British Columbia.
- The B.C. government is concerned about the risks that unregulated gambling websites pose to British Columbians, such as potential fraud or cheating, access by minors, lack of responsible gambling features, and potential risk of money laundering.
- Actions to address unregulated online gambling websites are complex because provinces are responsible for public safety and may operate and regulate gambling in their jurisdictions, while the federal government has responsibility for the Criminal Code.
- I have asked staff to explore all potential options to address unregulated online gambling at the provincial level.
- B.C. is also working with federal and provincial colleagues across Canada to raise this issue at the national level.

BACKGROUND:

- The unregulated online gambling market represents an untapped potential revenue source for governments in Canada. In addition, there are significant potential consumer protection and public safety issues, such as fraud, access by minors, insufficient responsible gambling messaging, and potential risk of money laundering.
- GPEB estimates there are over 2,200 unregulated websites that offer their online gambling platforms to British Columbians.
- In Canada, most aspects of gambling and betting are unlawful due to Part VII of the *Criminal Code*. However, under section 207(1)(a) of the *Criminal Code*, a province may conduct and manage lottery schemes in that province. In B.C. gambling is regulated under the *Gaming Control Act*.

- s.13; s.14
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- Provinces have responsibility for public safety and may operate and regulate gambling in their jurisdictions. In February 2018, the Attorney General asked GPEB to explore potential options to address unregulated online gambling that could be taken at the provincial level. These include:
 - s.13; s.14
 - A regulatory regime to licence online gambling service providers.
 - A contract model wherein government, or agent of government such as BCLC, would operate a government-controlled website through which private operators could offer their online gambling services (similar to the land-based model in B.C.).
 - s.13; s.16

FINANCES:

2022/23 ESTIMATES NOTE

Unregulated Online
Gambling

Suggested Response:

- The B.C. government is concerned about the risks that unregulated online gambling websites pose to British Columbians, such as fraud, access by minors, lack of responsible gambling controls, and potential risk of money laundering.
- Unregulated offshore websites operate outside of federal and provincial anti-money laundering and terrorist financing statutory obligations and reporting requirements. These websites also do not contribute to provincial gambling revenue.
- The online gambling industry is evolving rapidly including:
 - amendments to the *Criminal Code* to legalize single event sports betting in August 2021; and
 - the launch of a new online gaming market in Ontario in April 2022 (iGaming Ontario).
- Government is monitoring the impacts of these developments and is working with the BC Lottery Corporation (BCLC) to explore options to inform BC's approach to address issues and risks of the unregulated online gambling market in our province.

Background:

The Online Gambling Market in BC

- BCLC has authority to conduct and manage commercial gambling in B.C. BCLC's PlayNow.com is the only provincially regulated online gambling website in B.C.
- The Gaming Policy and Enforcement Branch (GPEB) and BCLC obtained an independent assessment of the online gambling market from H2 Gambling Capital to determine the size and scope of the online gambling market in BC.

■ s.13; s.17

■

- The external review found almost 800 unregulated gambling websites that target Canadian players and accept Canadian dollars. s.13
- Unregulated operators have advantages over regulated service providers, including the ability to offer more options for live, in-play products (e.g., live betting on sports events that are in progress, more competitive odds, and higher bonuses and incentives for players.) Unregulated websites are also not required to comply with provincial requirements for technical integrity and safe and responsible gambling.
- With H2 Gambling Capital, GPEB and BCLC identified options for online gambling models in BC. GPEB will engage H2 to undertake analysis and assess implications of each option, including impact on provincial revenues, BCLC and GPEB operations, the integrity of online gambling, and safe and responsible gambling controls.

Single Event Sports Betting

- In August 2021, the *Criminal Code* was amended to allow Canadians to place bets on a single sporting event and on fights and races. Prior to the amendments, the only options for individuals wanting to wager on single sports was to use unregulated offshore websites and illegal sports books.
- Single event sports betting was made available online to British Columbians through PlayNow.com in August 2021. From August 2021 to March 2022, over 1.5 million bets were placed on single sporting events on PlayNow.com.
- BCLC generated \$8.8M in revenue from combined parlay and single-event betting over the first 6 months following the launch of single event sports betting. This represents a 31% increase from the same time period in the previous year.
- BCLC is exploring opportunities to better understand the preferences of sports bettors and continues to examine options to implement single event sports betting concepts in bars, pubs, and casinos across BC.

Online Gambling in Ontario

- The Alcohol and Gaming Commission of Ontario (AGCO) has established a subsidiary of the AGCO (iGaming Ontario) to act as the commercial 'conduct and manage' entity for Ontario's online gambling market.
- iGaming Ontario uses a fee and licensing model in which iGaming Ontario enters into commercial agreements with private operators to offer games directly to consumers within a regulated framework.

- To date, iGaming Ontario has entered into operating agreements with 13 online gaming operators. The licensed websites are available only to players that are physically located in Ontario.
- Commercial operators entering into an agreement with iGaming Ontario are required to pay a registration fee of \$100,000. Revenue sharing or tax rates with individual operators are not known. H2 Gambling Capital suggests an effective tax rate ranges from 18-20%.

Contact: Jillian Hazel	Phone: 778-698-2223	Mobile: 250-516-6556
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2017/18 ESTIMATES NOTE**Unregulated Online Gambling****Suggested Response:**

- The B.C. Lottery Corporation (BCLC) has delegated authority to conduct and manage commercial gambling in B.C. As a result, only Playnow.com, BCLC's online gambling site, is legally allowed to offer online gambling in British Columbia.
- PlayNow.com provides British Columbians with the opportunity to enjoy online gambling in a safe, regulated environment.
- The B.C. government is concerned about the risks that unregulated gambling websites pose to British Columbians.
- Major operators have been advised that by conducting a lottery scheme in B.C., they may be in contravention of the Criminal Code of Canada.
- Actions taken to address the issue of unregulated gambling websites operating in B.C. would be more effective at the national level because the federal government has responsibility for the Criminal Code.
- s.13; s.16

Current Status:

- In August 2016, GPEB sent letters to operators of unregulated gambling websites to inform them they may be in contravention of the Criminal Code. However, operators of these websites continue to offer gambling in the B.C. market. Government is currently considering next steps.
- s.13; s.16
- In May 2016, Québec passed a Bill to allow Loto-Québec to order internet service providers to block specific gambling websites or face fines of up to \$1 million per infraction. Loto-Québec has not yet acted on this legislation. The legislation is currently facing a constitutional challenge by the Canadian Wireless Telecommunications Association in court.

Background

- The unregulated online gambling market represents an untapped potential revenue source for governments in Canada. In addition, there are significant potential consumer protection issues, such as fraud, access by minors, and insufficient responsible gambling messaging.
- GPEB estimates there are over 2,200 unregulated websites that offer their online gambling platforms to British Columbians.
- In Canada, most aspects of gambling and betting are unlawful due to Part VII of the *Criminal Code*. However, under section 207(1)(a) of the *Criminal Code*, a province may conduct and manage lottery schemes in that province. In B.C. gambling is regulated under the *Gaming Control Act*. The B.C. government conducts and manages gambling through its statutory agent, the B.C. Lottery Corporation (BCLC). BCLC operates an online gambling platform, PlayNow.com, which is the only legal online gambling website in B.C.

s.13; s.14

Contact: Michele Jaggi-Smith

Phone: 250-356-1109

Mobile: 250-217-6135

Questions and Answers

Question: What was the result of the letters issued to online gambling service providers?

Answer:

- GPEB has received some responses from unregulated gambling operators; however, none have ceased operations in British Columbia as a result of these letters.
- GPEB has met with foreign regulators in the United Kingdom and Latvia to discuss best practices for addressing unregulated gambling websites.
- GPEB is exploring next steps. Because the federal government has responsibility for the Criminal Code, actions taken at the federal level would be more effective. This is the reason GPEB is engaging with federal and provincial counterparts through an FPT sub-working group on online gambling.

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL AND
BRITISH COLUMBIA LOTTERY CORPORATION
INFORMATION BRIEFING NOTE**

PURPOSE: For **INFORMATION** for Mark Sieben, Deputy Minister
Ministry of Public Safety and Solicitor General
and
Douglas S. Scott, Deputy Minister, Crown Agencies Secretariat, Ministry
of Finance

ISSUE: H2 Gambling Capital's Report on the size and scope of the current online
gambling market and the British Columbia Lottery Corporation's (BCLC)
share of the market.

SUMMARY:

- Unregulated online gambling presents risks for the integrity of gambling and player health and may represent potential lost revenue for government.
- Government requires an understanding of the size and scope of the online gambling market, and of BCLC's share of the market, to assist in determining what measures, if any, government might want to explore to address the risks of unregulated gambling.
- The Gaming Policy and Enforcement Branch (GPEB) and BCLC contracted H2 Gambling Capital (H2)¹ to conduct an independent assessment of the size and scope of the current online gambling market in BC.
- s.13
- H2's analysis will inform future business decisions for BCLC and policy and regulatory decisions for GPEB and government regarding online gambling.
- A joint GPEB/BCLC/CAS Unregulated Online Working Group Discussion Paper outlining the current state of online gambling in BC is forthcoming later in December for PSSG & CAS Deputy Ministers' consideration.

BACKGROUND:

H2's Findings – Total Market Size

- s.13

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H2's Findings – BCLC's Market Share

- BCLC is the only agency authorized to conduct and manage commercial lottery schemes, including online gambling, in BC.
- BCLC delivers online gambling through PlayNow.com. PlayNow generates higher revenue per capita than any other regulated operator in Canada.

• s.13

- PlayNow.com is the fastest-growing channel of BCLC's business with ongoing year-over-year growth, including 133% revenue growth in 2020/21.
- The overwhelming majority of PlayNow.com revenue is generated through online casino content. This may be largely due to product restrictions in betting – notably single-event sports betting⁴. Online casino products accounted for \$340M of BCLC's revenue from PlayNow.com while online betting accounted for \$10.8M.

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H2 Findings – Unregulated Market Share

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- Unregulated operators currently do or are able to offer greater incentives and bonuses, a wide variety of products, and better odds than BCLC.

• s.13

H2 Findings – Operating Analysis and Policy Considerations

- Internationally, many jurisdictions are adopting measures to bring the grey market online operators into the regulated market space to support consumer protection and to ensure that governments can capture revenue from private sector operators.
- H2 indicates effective regulation of the grey market generally incorporates several factors, including appropriate taxation, shared liquidity, advertising, and player protection.
- s.13

- Given BCLC's strong hold on the online casino market, any measures explored should ensure provincial revenues from online casino content are not adversely impacted. Since H2's report identified varied capture rates in product verticals between PlayNow and offshore operators, there may be opportunities for government to consider measures to acquire uncaptured market share in the unregulated online betting and poker market and continue to build market share in the online casino market.
- Further analysis would be required to identify potential implications of measures to bring unregulated online betting operators into the regulated framework, including the effectiveness of such measures, an assessment of potential revenue impacts to government and impacts for BCLC and PlayNow.com.

INDIGENOUS PEOPLES CONSIDERATIONS:

- s.16; s.17
- s.13; s.16; s.17
-

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Finance, Crown Agencies Secretariat was consulted.

¹ H2 Gambling Capital, *British Columbia Unregulated Online Gambling Market Assessment Draft Report*, October 2021.

² Casino is defined as all real-money online gambling activity that takes place, including table games and gambling (slot) machines.

³ Betting is defined as online wagering on the outcome of a sports competition or other event.

⁴ The federal government enacted Bill C-218 on August 27, 2021 to legalize single event sports betting in Canada. BCLC has been offering betting on single sporting events online since it was legalized.

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APPROVED December 8, 2021 BY:

Lynda Cavanaugh
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British Columbia Lottery Corporation
s.22

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

PURPOSE: For INFORMATION for
Mark Sieben, Deputy Solicitor General
And
Douglas S. Scott, Deputy Minister of Finance

ISSUE: Background on unregulated online gambling

SUMMARY:

- The unregulated online gambling market has been prevalent in BC for many years. s.13
s.13
- s.13; s.14
- There are initiatives that are proceeding in Ontario, and at the federal level, that s.13
Initiatives include the
legalization of single event sports betting, s.13
s.13 and Ontario's decision to proceed to implement a
licensing model.

BACKGROUND:

- GPEB estimates there are over 2,200 unregulated websites that offer online gambling platforms to British Columbians.
- The British Columbia Lottery Corporation's (BCLC) PlayNow.com is the only provincially regulated online gambling website in B.C. Unregulated offshore websites operate outside of federal and provincial statutory requirements and do not contribute to provincial gambling revenue.
- GPEB has been actively working to address issues related to the unregulated online market for several years.
- s.13; s.14
- An historical timeline of work related to online gambling is included as Appendix A.

DISCUSSION:

The Criminal Code

- In Canada, most aspects of gambling and betting are unlawful due to Part VII of the *Criminal Code*.
- However, under section 207(1)(a) of the *Criminal Code*, a province may 'conduct and manage' lottery schemes in that province.
- In B.C. gambling is regulated under the *Gaming Control Act*. The B.C. government conducts and manages gambling through its statutory agent, the B.C. Lottery Corporation (BCLC).

s.14

Ontario Licensing Model

- In March 2019, Ontario announced as part of the budget that it plans to consult with stakeholders to develop an online gambling market that reflects consumer preferences, fosters an exciting gaming experience, and minimizes the burden on business while ensuring that appropriate protections are in place.
- In November 2020, the Ontario government committed to introducing legislation to allow third-party service providers to obtain licenses to offer online gambling in the province.
- Ontario also announced that it had mandated the Alcohol and Gaming Commission of Ontario (AGCO) to act as the commercial "conduct and manage" entity for Ontario's online gambling market, rather than the Ontario Lottery and Gaming Corporation (OLG).
- Ontario established a subsidiary of the AGCO to conduct and manage a new iGaming market. Under the new model, the AGCO will continue its role as the regulator for all areas of gambling in Ontario.
- Ontario is currently considering a revenue sharing model in which the AGCO subsidiary would enter into commercial agreements with private operators to offer games directly to consumers within a regulated framework. The operator will receive a defined revenue share in exchange for their services.
- Ontario will be engaging with stakeholders on the proposed model. It is expected that new legislation for online gambling will come into force in Fall 2021.

BCLC Position

- s.13
- BCLC is predicting 136 percent growth of PlayNow.com in 2020/21 and estimates that it will provide \$371 million in revenue.
- s.13
- Pending proposed legislation to legalize single-event sports betting in Canada, BCLC is planning to enhance sports offerings on PlayNow.com and integrate them into experiences across both land-based retail and casino facilities.
- BCLC estimates generating \$125 to \$175 million in additional revenue through online and land-based opportunities if single-event sports betting was legalized.
- s.13

Bill C-218

- The Canadian Gaming Association estimates that Canadians wager approximately \$10 billion annually on sports betting through illegal bookmaking operations in Canada, usually operated by organized crime. More than \$4 billion is wagered through offshore online sports wagering sites. Currently, only \$500 million is wagered through legal provincial sports lottery products offered to Canadians.
- The Criminal Code currently does not allow bets on a single sporting event or on fights and races.
- Currently, players must wager on a minimum of two sport events. Players engaging in single event sports betting currently use unregulated offshore websites and illegal sportsbooks. There are many unregulated online gambling sports sites that Canadians may use to place bets on a single sporting event².
- On February 25, 2020, a bill decriminalizing single-event sports betting in Canada was introduced in Parliament through a Private Member's Bill C-218 *An Act to amend the Criminal Code (sports betting)*.
- B.C. is supportive of the proposed amendments to the *Criminal Code*. In April 2020, Minister Eby wrote a letter to the federal Minister of Justice and Attorney General of Canada, the Honourable David Lametti, to indicate B.C.'s support for Bill C-218.
- The Bill passed third reading in the House of Commons and a second reading took place in the Senate on May 4, 2021. The Bill is expected to be passed.

¹ This data has not been independently assessed.

² Examples include: Betway.com; Bodog.com; 10bet.com; Spinsports.com; and Sportsinterac.com. PAGE 342 of 388 PSS-2023-31921

INDIGENOUS PEOPLES CONSIDERATIONS:

- The BC First Nations Gaming Revenue Sharing Partnership has an interest in impacts to provincial revenue as they receive 7% of BCLC's net gaming revenue.
- Kahnawake First Nation from Quebec has proposed additional amendments to the *Criminal Code* to permit an Indigenous governing body to conduct and manage lottery schemes under an agreement with the federal government.

s.13; s.14; s.16

s.13; s.16

- While their proposal was not accepted by the Committee, it has prompted the federal government to initiate further discussion with Indigenous Nations regarding the role of Indigenous nations in the regulation of gambling.
- The federal government has reached out to provinces and Indigenous Nations to engage in consultation on matters related to gambling. See Appendix B for the letter from Minister Lametti, Minister of Justice.

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APPROVED [May 25, 2021] BY:

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Appendix A – Historical Timeline of Unregulated Online Gambling

GPEB Analysis of Regulatory Options

s.14

s.13; s.14

s.16

s.14

- ASC response is administratively burdensome and requires that each advertisement be provided as a separate submission. After reviewing four examples, ASC advises that some of the examples are expired and that other included a '.net.' web address, and therefore does not constitute gambling advertising.
- In 2018, responsibility for GPEB is transferred from the Ministry of Finance to the Ministry of the Attorney General. GPEB provides a presentation to the Attorney General (AG) and to the Associate Deputy Minister to outline online gambling models around the world, and to identify GPEB's concerns with unregulated online gambling sites. The AG asks GPEB to identify options to bring unregulated gambling operators into the regulated framework.

s.14

- s.14

- The options put forward in the memorandum are not pursued.

Quebec Superior Court Ruling

- In 2016 Quebec passed provincial legislation under the *Consumer Protection Act* to compel Internet Service Providers (ISP's) to block external online gambling platforms. The statute is passed but the requirements are not put into force.
- The amendments to the Act are challenged by the Canadian Wireless Telecommunications Association which argues that building a firewall to prevent access to unregulated sites is costly and impractical and would require networks to be rebuilt and would have significant implications for infrastructures. They indicated that these costs would be passed on to consumers.
- The Quebec Superior Court ruled in July 2018 that the legislation was unconstitutional citing net neutrality rules and emphasizing that interfering with digital signals is limited to network threats.
- Quebec files an appeal to the Superior Court ruling in September 2020.
- The Superior Court ruling in Quebec sets a case precedent for other provinces in Canada and prevents any provincial legislation or regulations from blocking internet service providers to address issues related to online gambling.

GPEB Market Assessment

s.13; s.14

Online Gambling in Ontario

- On April 11, 2019 Ontario released its budget stating it intends to establish a competitive market for online legal gambling.
- s.16

- The Fall 2020 Ontario budget announces the AGCO will be responsible to 'conduct and manage' online gambling.
- s.16

FPT Work on Online Gambling

- s.16

- s.16

-

-

Appendix B – Letter to Provinces from the Federal Minister of Justice

April 20, 2021

The Honourable David Eby Q.C., M.L.A.
Attorney General and Minister Responsible for
Housing Government of British Columbia

(Sent via email)

Dear Minister:

On November 26, 2020, I introduced into the House of Commons Bill C-13, *An Act to amend the Criminal Code (single event sport betting)*, and announced my intention to engage with Indigenous nations, communities, and organizations, as well as with my provincial and territorial counterparts, on gaming issues. Bill C-218, *An Act to amend the Criminal Code (sports betting)*, which also proposes to decriminalize single event sport betting, continues to progress through the parliamentary process.

Further to my comments, I am writing you today to seek your views on the participation of Indigenous nations and communities in the gaming industry and in its regulation across Canada. I am also writing to inform you of my intention to begin exploratory discussions with Indigenous nations, communities, and organizations on these issues. These exploratory discussions are meant to inform future decision making and ensure that I have a proper understanding of views across Canada.

In addition, I would like to obtain your views on the recent proposals to decriminalize single event sport betting in Canada.

Jurisdictions across Canada have taken various approaches to the role of Indigenous nations and communities in the gaming industry since our governments entered into agreements on gaming regulation in 1979 and 1985. Examples include the Saskatchewan Indian Gaming Authority and the Ontario First Nations (2008) Limited Partnership. However, while there are certainly successful models in place in certain parts of Canada, some Indigenous peoples feel excluded or express dissatisfaction with the status quo.

2

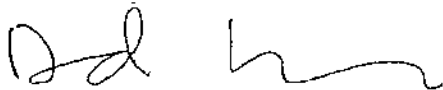
Given this upcoming process, I am seeking your jurisdiction's position on the following:

1. Would your jurisdiction support a discussion on the role of Indigenous nations and communities in relation to gaming?
2. If such a discussion were to be held, what would be the appropriate format, who should participate, and when should this discussion occur?
3. What topics would your jurisdiction be prepared to address in this discussion?

Recently, the House of Commons Standing Committee on Justice and Human Rights concluded its study of Bill C-218 and reported it with amendment. Given its potential to expand the definition of a "lottery scheme" under the Criminal Code, I would appreciate your views on the Bill.

In addition to this correspondence and future conversations we might have on these topics, departmental officials, through the Coordinating Committee of Senior Officials-Criminal Justice, will be raising single event sport betting and my forthcoming engagement process. I would appreciate your support as we continue to move forward on these important issues.

Thank you for your time. I look forward to discussing these matters with you soon.
Respectfully,



The Honourable David Lametti, P.C., Q.C., M.P.
(he/him)

Minister of Justice and Attorney General of Canada

Enclosures: Copy of 1979 & 1985 Federal-Provincial Lotteries Agreements
Copies of Bills C-218 and C-13

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

PURPOSE: For INFORMATION for Sam MacLeod
Assistant Deputy Minister, GPEB

ISSUE: Status update on efforts to address unregulated online gambling

SUMMARY:

- The Gaming Policy and Enforcement Branch (GPEB), Legal Services Branch (LSB), and the British Columbia Lottery Corporation (BCLC) are continuing work to address unregulated online gambling, including:

- s.13; s.14

- GPEB-BCLC Online Gambling Working Group: meeting monthly and undertaking analysis of options;
- Online gambling prevalence study: A final report measuring the prevalence of online gambling in BC will be complete in February. Analysis is underway to compare the findings with BCLC data;
- Complaint to Advertising Standards Canada (ASC): Regulators in BC, Alberta, Manitoba, and Nova Scotia have made a complaint to the ASC about the advertisement of unregulated gambling sites.s.13
the regulators to resubmit as separate complaints for each advertiser; and

s.13

BACKGROUND:

- PlayNow.com, BCLC's online gambling platform, is BC's only commercial online gambling platform that operates within the legal framework created by the *Criminal Code* and BC's *Gaming Control Act* (GCA). All other commercial online gambling platforms operate outside the legal framework. This exposes BC patrons to risks such as fraud, changing odds, lack of responsible gambling features, and access by minors.
- The Attorney General (AG) has provided direction to GPEB and BCLC to form a working group to jointly explore options to address unregulated online gambling websites. s.13; s.14
s.13; s.14

s.13; s.14

- s.13; s.14

•

BCLC-GPEB Online Gambling Working Group

- GPEB and BCLC have formed a working group that meets monthly. The terms of reference have been signed off and the group's mandate is "to provide advice, information, and data, as well as to make recommendations jointly to address unregulated online gambling in BC."
- The working group is considering three main options (the options):
s.13
- In early 2018, BCLC contracted Ernst & Young (EY) to conduct an impact analysis of the options, s.13 BCLC and GPEB are undertaking further analysis to refine assumptions and the likelihood of success of each option.
- Essential to the analysis of each option is the legal feasibility under the *Criminal Code*, s.13; s.13; s.14

Online Gambling Prevalence Survey

- GPEB and BC Stats contracted RA Malatest and Associates to conduct a population survey of the prevalence of online gambling among British Columbians. The intent of the survey is to seek data to inform the analysis of options. The survey asked respondents about their online gambling participation and play frequency on PlayNow.com as well as unregulated sites.
- Malatest will provide a final report and presentation to GPEB on February 6, 2019.
- GPEB and BCLC are jointly reviewing the draft report s.13
s.13
- GPEB's Responsible and Problem Gambling team and BCLC's Player Health team are also jointly conducting an additional study to understand problem gambling prevalence among online gamblers.s.13
s.13 Completion of this study also fulfills a commitment from the Plan for Public Health and Gambling.

Provincial Regulators' Complaint to Advertising Standards Canada (ASC)

- The widespread advertising of unregulated gambling websites on television, radio and the internet creates the illusion that these sites are offering services that are safe and secure for BC residents.
- GPEB led other provincial regulators in sending an official complaint to the ASC in December 2018. The signatories included the heads of GPEB; Alberta Gaming, Liquor & Cannabis; Liquor, Gaming and Cannabis Authority of Manitoba; and The Alcohol, Gaming, Fuel and Tobacco Division of Service Nova Scotia.
- The complaint outlined instances in which unregulated online gambling platforms had violated the Canadian Code of Advertising Standards. It requested that the ASC instruct unregulated online gambling providers to withdraw their ads and provide notification that similar advertising is not permitted by Canadian media.
- ASC's Vice President, Standards, responded with a request to revise the complaint and resubmit as four separate complaints – one for each advertiser and their alleged violations. This will allow ASC to forward complaints directly to the advertisers for their response. In the initial response, the ASC has advised that complaints about advertising to 18-year-olds in provinces where the minimum gambling age is 19 have the most merit.

s.13; s.16; s.17

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Approved by:
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Page 352 of 388 to/à Page 353 of 388

Withheld pursuant to/removed as

s.13 ; s.14

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

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

ISSUE:

Status update on work related to unregulated online gambling

SUMMARY:

- The Gaming Policy and Enforcement Branch (GPEB) is continuing work in a number key of areas related to unregulated online gambling, including:
 - s.13; s.14
 - Leading a group complaint from provincial regulators to Advertising Standards Canada (ASC)¹ regarding advertising for unregulated online gambling websites; and,
 - Establishing a working group with British Columbia Lottery Corporation (BCLC) to provide recommendations to government on how to best address unregulated online gambling websites.

BACKGROUND:

s.13; s.14

¹ Advertising Standards Canada - <http://www.adstandards.com/en/index.aspx>

ASC Complaint

- The widespread advertising of unregulated gambling websites on television, radio and the internet creates the illusion that these sites are offering services that are safe and secure for BC residents. However, these websites present risks related to integrity, responsible gambling and access by minors.
- The ASC is the national not-for-profit advertising self-regulatory body. The ASC responds to written complaints about ads, evaluating the complaints under the provisions of the Canadian Code of Advertising Standards (Code). If the ASC concludes that an ad violates the Code, they request that the advertiser amends or withdraws the ad.
- GPEB has prepared the attached ASC complaint, explaining how specific examples of ads for unregulated online gambling websites violate Provision One (accuracy and clarity) and Provision 14 (unacceptable depictions and portrayals) of the Code.
- The Special Interest Group² complaint requests that the ASC instruct online gambling providers to withdraw these ads and provide notification that similar advertising is not permitted by Canadian media.
- GPEB's General Manager sent letters to the head of each provincial gambling regulator in early September (sample attached), formally requesting support for the Special Interest Group complaint. To date, GPEB has received responses from the Alberta Gaming Liquor and Cannabis, who will support the complaint, and the Alcohol and Gaming Commission of Ontario, who will not as they consider the issue of unregulated online gambling outside of their mandate.
- GPEB worked with BCLC on compiling the advertising examples for the ASC complaint. GPEB has also requested that BCLC share the complaint letter with the other provincial agencies responsible for conduct and management of gambling to explore the submission of a similar group complaint to the ASC.

Unregulated Online Gambling Working Group

- In May, 2018, BCLC provided the Attorney General with a draft discussion paper by EY, "Advice on BC online gaming model options", that provided five options for addressing unregulated online gambling in BC. The paper was accompanied by a briefing note recommending BCLC and GPEB form a working group to review the five options and provide a recommendation to the AG. The AG instructed GPEB and BCLC to form the working group.
- Representatives from GPEB and BCLC met on September 13, 2018 to discuss the working group, including mandate, objectives, and timelines. GPEB is finalizing the terms of reference and will be sharing with BCLC in the near future.

² Because GPEB is not an individual, it must submit a complaint as part of a Special Interest Group. To qualify as a Special Interest Group, a group must be identifiable, representing more than one individual and/or organization, and express a unified viewpoint that is critical of the content of an advertisement.

- The working group will be meeting monthly with a mandate to:
 - Provide analysis that compares the impacts of the various options for addressing the problem of unregulated online gambling;
 - Exchange necessary information for the analysis of options;
 - Identify options' impacts on British Columbians' wellbeing and safety, the integrity of gambling in BC, and government's gambling revenue; and
 - Draft and refine reports, briefing notes, and other communication to government as necessary; and
 - Provide recommendation(s) to government.

Other Work

- GPEB is also engaged in the following work to support the AG's direction on unregulated online gambling:
 - **Online Gambling Prevalence Survey** – Worked with BC Stats to obtain over 1,500 survey completions of BC residents (age 14+). Report writing to commence late October; and
 - **Financial modeling** – Designed and presented to Treasury Board Staff a financial modelling tool that projects online gambling revenue depending on a number of policy variables (e.g. tax rate, market capture rate by game type, registration fees);

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Attachments:

- Appendix A - Sample of Letter to Canadian Gambling Regulators
- Appendix B - DRAFT letter from CAGRA to the ASC

Appendix A – Sample of Letter to Canadian Gambling Regulators



September XX, 2018

Dear XXX

Re: Advertising Standards Canada Special Interest Group Regarding Advertising for Unregulated Online Gambling Websites

I am writing to you to request that you join British Columbia in a Special Interest Group complaint to Advertising Standards Canada (ASC) concerning unregulated online gambling websites.

The regulatory framework for gambling in Canada is in place to protect the integrity of gambling for Canadian residents. It protects integrity in many ways, including prohibiting access to gambling by minors, registering individuals and service providers working in the gambling industry, and establishing technical integrity requirements and responsible gambling standards.

Online gambling platforms that offer their services to Canadian residents, other than those that are conducted and managed by a province or an agent of a province, are operating outside of the regulatory framework for gambling in Canada. These unregulated providers present a risk to the overall integrity of gambling in Canada and draw off revenue that would otherwise be available to provide important services to Canadians.

For a number of years, these unregulated online providers have been advertising their online platforms to Canadian residents through multiple mediums, including television, radio, the Internet and roadside billboards. This persistent and widespread advertising creates the illusion that these online platforms are offering services that are safe and secure for Canadians. However, B.C.'s Gaming Policy and Enforcement Branch (GPEB) research indicates this is not the case. For example, many unregulated sites offer gambling services to players 18 years of age, which is below the minimum age for gambling in all but three Canadian provinces. Additionally, some unregulated sites have no third-party age verification, increasing the risk that minors may be gambling on their sites.

Another example of the risk presented by unregulated sites is the risk to potential problem gamblers. Canadian gambling regulators are unable to ensure Canadian residents who gamble on unregulated sites have access to information about responsible gambling. Regulators are also unable to ensure those who suffer harms from gambling on unregulated sites have access to information about counselling and treatment services in their community.

GPEB has prepared the attached Special Interest Group complaint for submission to the ASC. This submission provides specific examples of advertising for unregulated online gambling websites and explains how these ads violate specific provisions of the Canadian Code of Advertising Standards (Code). The complaint asks the ASC to instruct gambling providers to withdraw these advertisements and provide a broad notification that advertising with similar attributes not be permitted by Canadian media.

The ASC has complaint processes for individual members of the public and Special Interest Groups. Because GPEB is not an individual, we must submit a complaint as part of a Special Interest Group. To qualify as a Special Interest Group, a group must be identifiable, representing more than one individual and/or organization, and express a unified viewpoint that is critical of the content of an advertisement.

B.C. is proposing to submit this complaint on behalf of the Canadian Association of Gaming Regulatory Authorities (CAGRA) with the head of each provincial gaming regulator supporting the complaint by signing the attached complaint letter.

As Canadian gambling regulators, we have few tools at our disposal to address the risks to gambling integrity and revenue posed by unregulated online gambling providers. Mounting a challenge to advertising on Canadian media by these unregulated providers is one of these tools.

I respectfully request you respond to this letter in the next 30 days, advising whether you will join B.C. in the Special Interest Group complaint and help to combat the expansion of the unregulated online gambling market in Canada.

Sincerely,

General Manager and Assistant Deputy Minister
British Columbia Gaming Policy and Enforcement Branch

552209

Appendix B - DRAFT letter from CAGRA to the ASC

The Canadian Association of Gaming Regulatory Authorities ("CAGRA") is a group of provincial officials representing their respective provincial gambling regulators and charged with collaborating on common issues affecting gambling within their home provinces and territories. This includes advocating to ensure gambling in Canada is undertaken in accordance with provincial and federal legislation. CAGRA representatives from XXX are writing to you today to lodge a Special Interest Group Complaint in respect of various advertisements appearing in/on Canadian media by entities not located in Canada and not operating within the Canadian regulatory framework for gambling.

Part VII of the Canadian *Criminal Code* provides that legal commercial gambling in Canada must be conducted and managed by the government of a province. In turn, each Canadian province has enacted legislation that establishes the framework for regulating commercial gambling offered to its residents. All online gambling platforms that offer their services to Canadian residents, other than those that are conducted or managed by a province or an agent of a province, are operating outside the Canadian framework for regulated gambling in Canada. We will refer to these platforms as "unregulated online gambling providers".

The Canadian gambling framework is intended to protect the integrity of gambling in Canada and includes the following key elements that are addressed in provincial legislation:

- Prohibiting service providers from permitting minors to gamble;
- Registering gambling service providers to ensure the integrity of individuals and corporate entities involved in providing gambling services;
- Establishing technical integrity requirements that gambling games must meet before they may be offered to the public;
- Establishing minimum responsible gambling standards that protect participants from the harms associated with problem gambling; and
- Establishing advertising standards that must be met by all gambling service providers when advertising their services.

Because unregulated online gambling providers operate outside the Canadian regulatory gambling framework, Canadian gambling regulators are unable to ensure compliance with the above requirements and protect Canadian residents. This lack of regulatory oversight results in a number of risks, including the following:

- **Gambling by Minors** – Age verification processes for many unregulated online gambling sites are not transparent and many others require no independent age verification. In contrast, the British Columbia Lottery Corporation's PlayNow.com verifies users' age through an Equifax check at account sign-up. In addition, the minimum age of for most unregulated sites is 18. However, in all Canadian jurisdictions, other than Alberta, Manitoba and Quebec, the minimum age for gambling is 19.

- **Responsible Gambling Standards** – Although some unregulated online gambling platforms have responsible gambling features, they vary widely from site to site and, unlike provincially operated sites, they may not meet any regulatory standards. This means that Canadian regulators are unable to ensure that consumers gambling on unregulated sites have access to reliable information about responsible and problem gambling. For example, people who are suffering harms from gambling on unregulated sites will not be provided with information about how to access services (e.g. counselling and treatment) in their community. This has consequences from a public safety perspective as provinces bear the social costs of online gambling without the revenue required to pay for those services.
- **Integrity of Gambling**– All provincial regulators have high technical and registration standards for online service providers to ensure the public interest is protected. While technical standards ensure that games and financial transactions are conducted fairly and with integrity, the background checks used during the registration of gambling service providers and workers ensures that individuals and companies do not present a risk to the public before they are permitted to be involved in commercial gambling. Canadian gambling regulators are unable to verify if unregulated online sites meet these high standards and have received past complaints about difficulties with unregulated online sites, including withholding of winnings and unwanted solicitation of gambling products.

This letter outlines the ways in which numerous advertisements (attached to this letter as Appendix “A”) violate specific provisions of the Canadian Code of Advertising Standards (the “Code”). However, these advertisements are only intended to be a sample. There are many other similar advertisements, online and on other media modes (e.g., television, billboards, and magazines), with similar content that also violate the Code and it would be impossible to include them all.

Our desired outcome is a decision from Advertising Standards Canada (ASC) indicating these particular advertisements violate the Code and the advertisers are asked to withdraw the advertisements. Flowing from that decision, we would request the ASC notifies other advertisers, through a broad notification, that advertising with the same or similar attributes also violates the Code and should not be permitted by Canadian media.

Code Provision 1 – Accuracy and Clarity

Implied Regulatory Compliance

First it is our view that each of the advertisements submitted in Appendix A violate the “Accuracy and Clarity Standard”. The “Accuracy and Clarity” standard assessment is based on the general impression conveyed by the advertisement. The advertisements in Appendix A advertise services provided by unregulated online gambling providers and are, therefore, outside of the Canadian regulatory framework for gambling

Provision 1(a) provides that advertisements must not contain, or directly or by implication make, inaccurate, deceptive or otherwise misleading claims, statements, illustrations or representations.

Because the advertisements submitted are permitted through Canadian media, they leave the clear impression that the services being offered in the advertisement fall under the regulated Canadian gambling framework and comply with provincial legislation intended to protect the integrity of gambling for Canadian residents. However, all of the gambling offerings advertised in the attached advertisements (see Appendix A) do not fall under the regulated Canadian gambling framework and do not comply with provincial legislation. The status of these sites in relation to the Canadian gambling framework is implied in the advertising, and this misleads the public to believe that provincial gambling regulators are ensuring the integrity of the gambling services being offered.

Provision 1(b) provides that advertisements must not omit relevant information if the omission results in an advertisement that is deceptive or misleading. The advertisements do not indicate the sites advertised therein are unregulated in Canada. All of the advertisements in Appendix A thereby omit relevant information in relation to integrity of gambling on their site that would be important for the Canadian public to consider in making a choice to use the sites advertised. Because of the risk posed by unregulated online gambling providers, many consumers would choose not to use an unregulated site and omitting this important information results in a misleading or deceptive advertisement.

Free Play Site Claim Misleading

Many of the gambling sites that are advertising on Canadian media claim to be “free play only” sites, meaning there is no real money exchanged. Canadian gambling regulators have two concerns with the advertising of “free play only” sites.

The first concern is that these sites may not *require* a person to pay real money to play. However, they provide the *option* of using real money to gamble. For example, advertisements for PokerStars.net (see Appendix A, Exhibit 1) claim that POKERSTARS.net is a “free play only” website (see on-screen text). After signing up for an account on PokerStars.net and downloading the app, the customer is given a set allotment of free chips (35,000) to play with. However, the app has a button with the words “buy play chips” clearly written on it. By clicking the button, the customer is provided with the option of buying poker chips from \$2.99 for 500,000 in chips to \$499.99 for 1,325,000,000 in chips. Clearly this site is not “free play only” as is claimed as it provides its customers with the option of purchasing chips for real money. This is both an inaccurate and deceptive claim, and contrary to Provision 1(a).

The second concern with these “free play only sites” is that they are using sites with a “.net” extension as a way to advertise their brand and claim that they are only advertising a free play site and not a gambling website.

Example 1:

Bodog provides a wide variety of online gambling options, advertising their brand on the internet in Canada using a “.net” extension (see Appendix A, Exhibit 2). However, if a person enters the brand name “Bodog” into an internet search engine, such as Google, the “.net” website does not come up on the first 15 pages of results. The first result on the first page of Google is for “bodog.eu”, a full pay-for-play gambling website that can be accessed by Canadian residents (see Appendix A, Exhibit 3). Even if a person enters “bodog.net” into Google, the first result is for “bodog.eu” followed by “bodog.com”, both full pay-for-play gambling websites. Bodog advertises bodog.net knowing that most prospective clients will not enter the “.net” extension when using an internet search engine to search for the website.

This violates Provision 1(a) as bodog’s use of the “.net” extension to support the claim that they are only advertising a free-play website is misleading. They use the “.net” extension to advertise their brand, knowing consumers will more easily find their way to their “.eu” or “.com” sites that permit gambling by Canadian residents.

Example 2:

Lottoland is an online platform operated out of Gibraltar that allows players to place bets on the numbers drawn through various lotteries around the globe (e.g. PowerBall, EuroMillions and LottoMax). Lottoland has run radio and newspaper advertisements promoting Lottoland.net, promising free play on lotteries in other countries (see Appendix A, Exhibit 5). By signing up for an account on Lottoland.net, a person is given a free opportunity to choose the numbers that will appear in their lottery of choice during the next draw. An email is then sent to the person’s email address that they provided at sign-up (see Appendix A, Exhibit 5 for screen shots of email), with a receipt for their ticket (showing the actual cost of the ticket and the advising that it was a “first ticket free” promotion) and a link to their Lottoland account. By clicking on this account link, they are not taken to Lottoland.net, rather, they are taken to Lottoland.com, a full pay for play gambling website (see Appendix A, Exhibit 5).

This violates Provision 1(b) of the Code as the advertising omits the fact that playing for free on their “.net” site will trigger an account sign-up with a pay-for-play “.com” site.

Code Provision 14 – Unacceptable Depictions and Portrayals

CAGRA submits that the advertisements attached in Appendix A violate Provision 14(b) in that they directly encourage, or exhibit obvious indifference to, unlawful behaviour.

In all Canadian jurisdictions, except Alberta, Manitoba and Quebec, the minimum age for gambling is 19 years of age. For example, Ontario’s *Gaming Control Act, 1992* provides that “no person shall permit an individual under 19 years of age to play a lottery scheme in a gaming site” and a gaming site includes an electronic channel maintained for the purpose of operating a lottery scheme.

You will note that only one advertisement attached in Appendix A displays a minimum age, indicating that their service is available to those 18 and older (see Appendix A, Exhibit 1). All of the unregulated websites presented in Appendix A have a minimum age of 18, demonstrating that they are clearly indifferent to the legal minimum age for gambling in most Canadian jurisdictions. By offering and advertising their services to 18-year olds, they are exhibiting obvious indifference to what is clearly unlawful behaviour.

Conclusion

Based on CAGRA's review of the Code it is clear that the specific advertisements attached to this complaint, as well as similar advertising found regularly on Canadian media, violate the specific Code provisions identified above. These violations undermine the regulatory framework for legal gambling in Canada and likely have a significant negative public safety impact. CAGRA encourages the ASC to ask unregulated online gambling providers to withdraw advertisements for unregulated online gambling websites. We further request that the ASC provides a broad notification to advise that advertising with the same or similar attributes also violates the Code and should not be permitted by Canadian media.

Exhibit 1 – PokerStars TV Ad

Medium: television

Date: May 16

Channel: MuchMusic

Relevant Code provisions: 1A, 1B, 14B

Other: Screenshots of commercial advertising “PokerStars.net”. Minimum age of 18.

Advertisement:

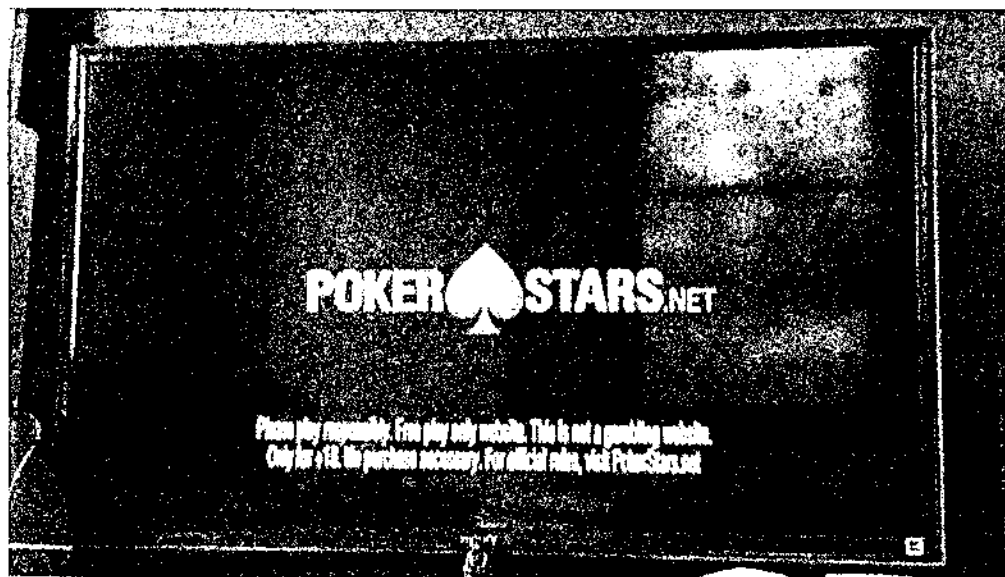
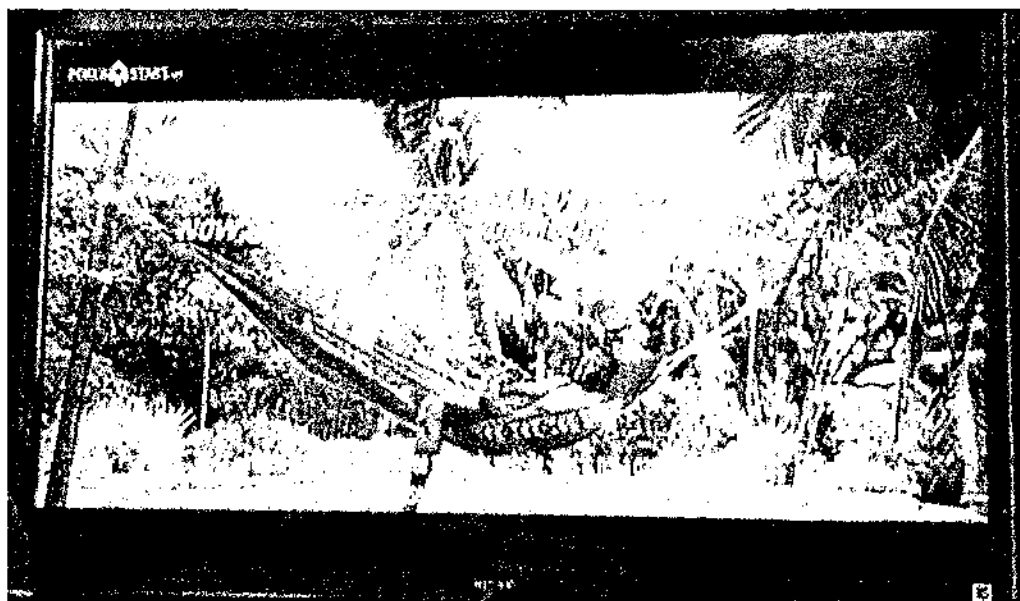


Exhibit 2 – Bodog TV Ad

Medium: Television

Date: July 6, 2018, approximately 11:30 AM

Channel: TSN

Relevant Code provisions: 1A and 1B

Other: Clearly advertises gambling with "casino, poker, sports"

Advertisement:

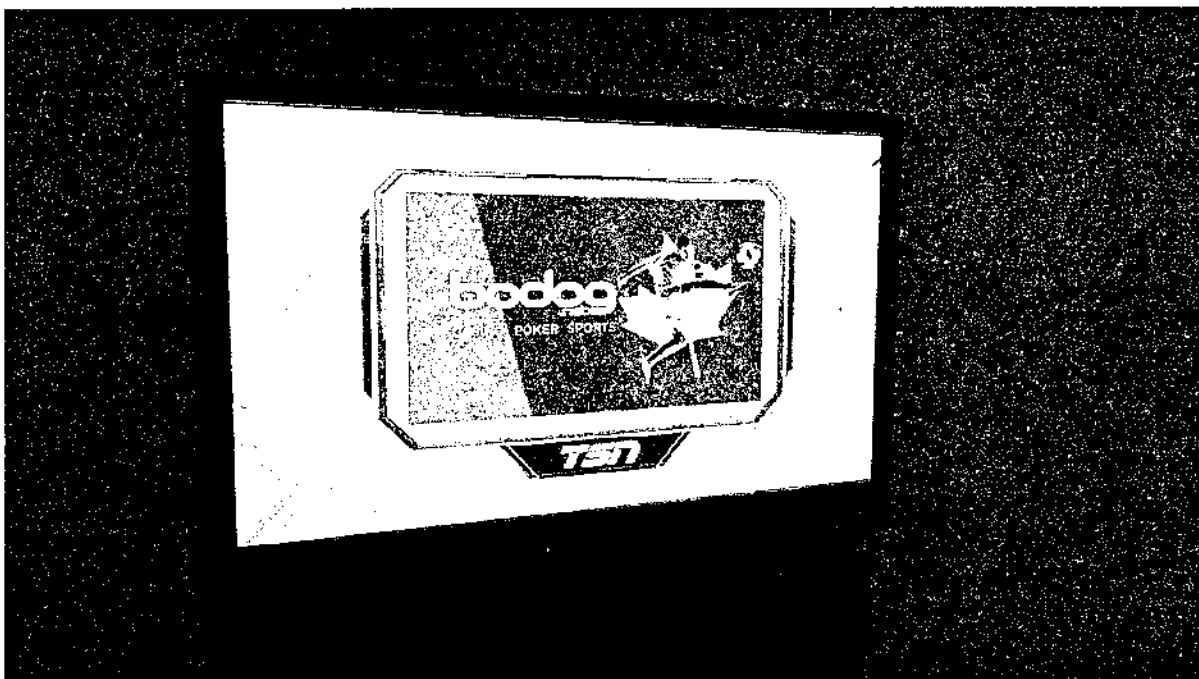


Exhibit 3 – bodog Google Search

Date: July 9, 2018, approximately 9:30 AM

Search Engine: Google

Web Browser: Google Chrome

Description: Search for “bodog” – first result (excluding the ad) is for “bodog.eu”, a full pay-for-play gambling site. Third result is for “bodog.com”, another pay-for-play gambling site.

Google search results for "bodog".

Search Results:

- Bodog Welcome Bonus | Bodog - Get +100% Sign Up Bonus**
Bodog - Welcome Bonus | Bodog - Get +100% Sign Up Bonus
Bodog - Welcome Bonus | Bodog - Get +100% Sign Up Bonus
Bodog - Welcome Bonus | Bodog - Get +100% Sign Up Bonus
- Online Poker, Casino, Sports Betting, Horse Racing at Bodog**
hasidatv.bodog.eu
Bodog is a leading online gambling site offering sports betting, casino games and a poker room. Sign up today and receive a 100% bonus on your first deposit.
- Bodog Sports**
Bodog Sports is a leading online sports betting site offering a wide range of sports betting options.
- Bodog Poker**
Bodog Poker is a leading online poker site offering a wide range of poker games.
- Bodog Casino**
Bodog Casino is a leading online casino site offering a wide range of casino games.
- All Poker**
Bodog All Poker is a leading online poker site offering a wide range of poker games.
- Hockey**
Bodog Hockey is a leading online hockey betting site offering a wide range of hockey betting options.
- Football**
Bodog Football is a leading online football betting site offering a wide range of football betting options.

Bodog Canada (@BodogCA) Twitter
https://twitter.com/BodogCA
#BodogCA is a leading online gambling site offering a wide range of gambling options. Sign up today and receive a 100% bonus on your first deposit.

Poker online, Casino e apostas esportivas no Bodog
bodog.com
Bodog is a leading online gambling site offering a wide range of gambling options. Sign up today and receive a 100% bonus on your first deposit.

Bodog
Bodog is a leading online gambling site offering a wide range of gambling options. Sign up today and receive a 100% bonus on your first deposit.

People also search for

- FUN88
- bwin
- bet365
- BET
- bet365

Exhibit 4 – bodog.net Google Search

Date: July 9, 2018, approximately 10:00 AM

Search Engine: Google

Web Browser: Google Chrome

Description: Search for “bodog.net” – first result is for “bodog.eu”, a full pay-for-play gambling site, followed by “bodog.com”, another pay-for-play gambling site.

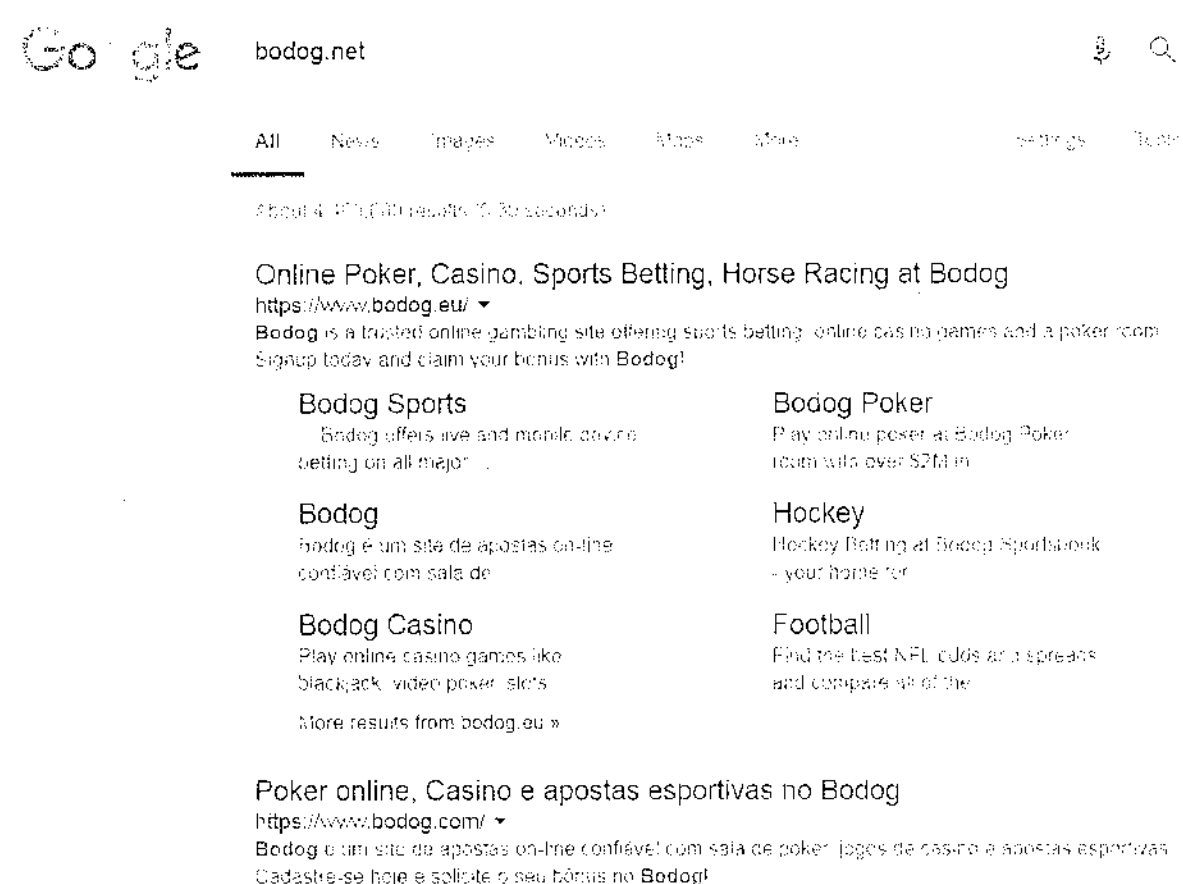


Exhibit 5 – Lottoland Radio and Newspaper Ads



Date: May 29, 2018

Radio: 94.5 FM Virgin Radio Vancouver

Relevant Code provisions: 1A and 1B

Other: These are recordings of the radio ads.

Advertisements:

	
Lottoland - Saturday Powerball.mp3	Lottoland - Wednesday Powerball

Date: July 20, 2018

Newspaper: The Vancouver Province

Relevant Code provisions: 1A and 1B

Other: This is a clip photograph of the physical newspaper ad.

Advertisements:

WHAT'S YOUR BIG DREAM?

PLAY U.S. MEGAMILLIONS TOMORROW'S JACKPOT IS \$559 MILLION

VISIT LOTTO LAND NET TO PLAY FOR FREE NOW!

WHATEVER YOUR DREAM IS, DREAM BIG!

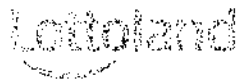
LOTTO LAND

Lottoland.net

TROPICAL ISLAND FOR SALE \$300 MILLION U.S.

LOVELY TROPICAL ISLAND 20,000 FEET OF SANDY BEACHES, PINEAPPLES AND DATE PALMS ABOUND! NO INHABITANTS... LONG SINCE INACTIVE VOLCANO. SERIOUS INQUIRIES ONLY.

The following are screenshots of the email received after signing up for free ticket:



Order Confirmation (AN509129078)

Dear Jeff

Your dreams could be about to come true with your ticket below. Good luck! For each ticket entered into a draw we will email you the numbers that were drawn, as well as notify you of any winnings.

You can check the status of all your tickets, both active and inactive, from the [My Tickets](#) section on our website.

Best wishes,
Your Lottoland Team



Order number

AN509129078

PowerBall

Price

\$4.00

Duration

Sat. (1 week) | On 16/06/2018

Single ticket

18

36

44

55

57

3

Total

\$4.00

Discount

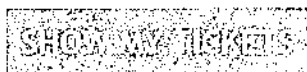
\$4.00

Bonus- or Promotion-code

First ticket free

Paid Amount

\$0.00



WE LIKE TO HELP :)

Send us an email: help@lottoland.com

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient (or have received this e-mail in error) please notify us immediately and destroy this e-mail. If you are the intended recipient, you can modify your notification settings.

To ensure you receive all notifications about winnings and future emails from Lottoland, please add notifications@lottoland.com to your address book.

Lottoland registered office: Suite A Ocean Village Promenade, Ocean Village, Gibraltar, GX11 1AA

*Tier 1 winning bets on the US Powerball and US MegaMillions are paid out as 30 year annuity or discounted lump sum at Lottoland's election, and Tiers 1 - 3 are also subject to 38% reduction as per T&C's. Tiers 1 - 3 for winning bets on SuperEnalotto are subject to 12% reduction as per T&C's.

[My account](#) · [Forgot your password?](#) · [Webview](#)

Website connection after clicking on “who my tickets” link above (note “Lottoland.com”):

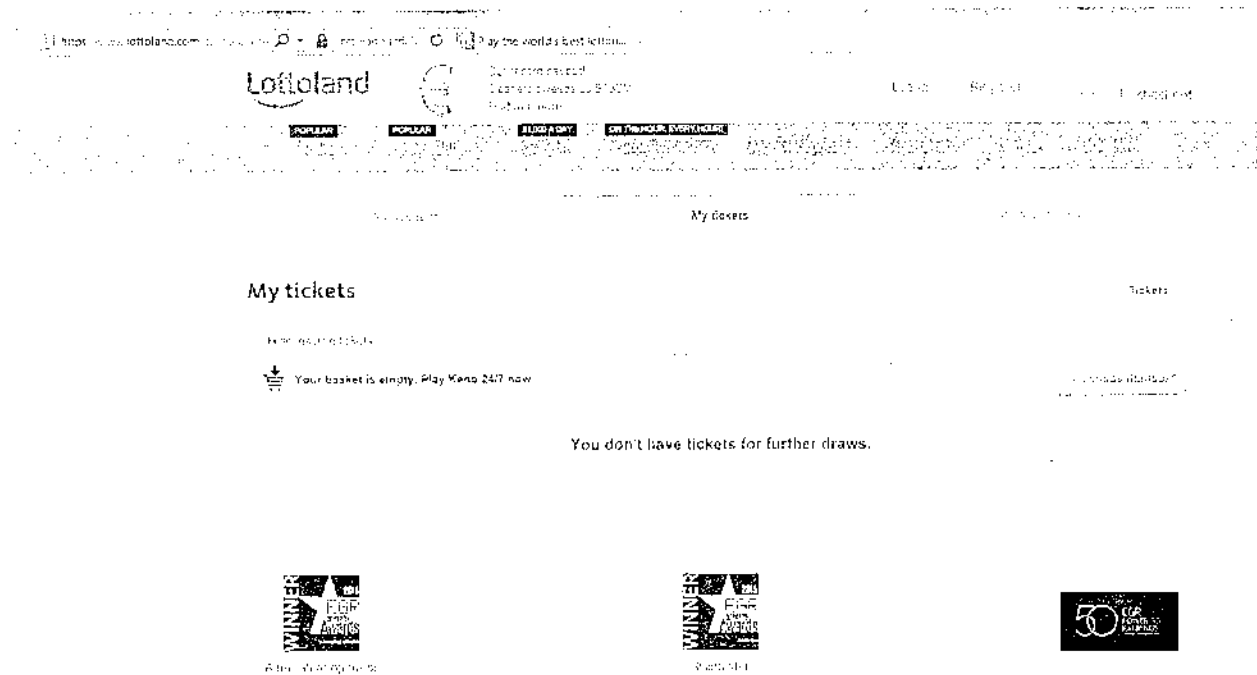


Exhibit 6 – Partycasino Internet Ad

Medium: Internet

Date: June 8, 2018 at 12:13 pm

Website: Sportsnet.ca

URL: <https://www.sportsnet.ca/soccer/world-cup-dark-horses-whos-primed-surprise-run/>

Relevant Code provisions: 1A and 1B

Other: Clicked on link and was taken to full pay for play gambling website:

<https://promo.partycasino.com/en/promo/p/500wb-20fs/melonmadness-ca-p?wm=4593664&zoneId=1820362>

Advertisement:



Exhibit 7 – Partycasino TV Ad

Date: June 30, 2018

TV Channel: TSN

Relevant Code provisions: 1A and 1B

Other: Screenshots of ad clearly advertising gambling with “casino” in title. Partycasino is a full pay-for-play gambling website offering slot machines, casino games, blackjack and roulette.

Advertisement:

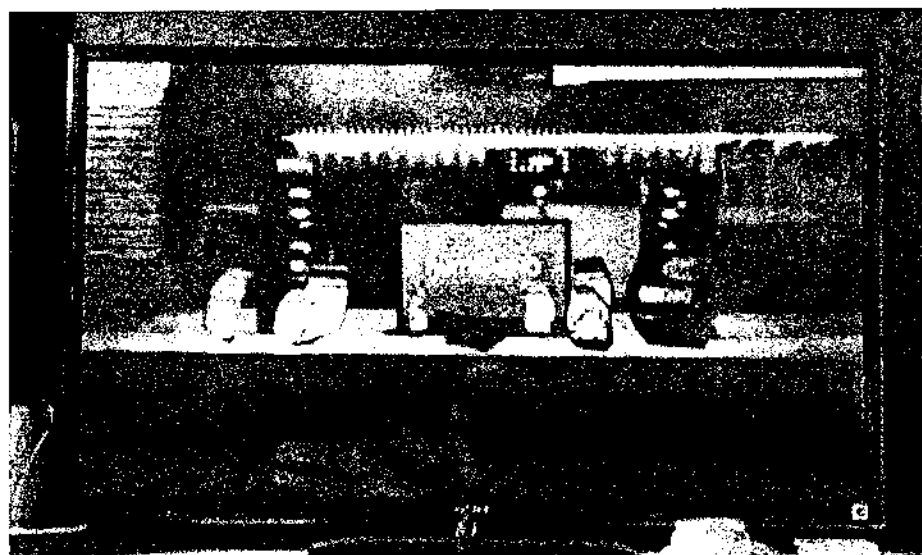


Exhibit 8 – LeoVegas Internet Ad

Medium: Internet

Date: July 1, 2018

Website: Facebook

URL: www.Facebook.com

Relevant Code provisions: 1A and 1B

Other: Screenshots of advertisements, clearly displaying "casino" in the ad.

Advertisement:

STATUS BAR: SATELLITE 5:25 PM INTERNET 10:49 AM

LeoVegas.net
Sponsored •

Join Mats' team, and enjoy unlimited casino action at LeoVegas.net

LeoVegas.net
Sponsored •

Suggested video

If excitement's your goal, play where the real action is. Tap below to see more!

LeoVegas.net
King of Mobile Casino
TAP BELOW TO SEE MORE
Tap to Open

Incredible games, at your finger tips.

200+ likes

Exhibit 9 – SpinPalace TV Ad

Medium: Television

Date: July 7, 2018 approximately 9:45 pm

TV Channel: TSN

Relevant Code provisions: 1A and 1B

Other: Screenshots of ad clearly advertising gambling with "casino" in title. Partycasino is a full pay-for-play gambling website offering slot machines, casino games, blackjack and roulette.

Advertisement:



**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

s.13; s.14

s.13

SUMMARY:

s.13; s.14

- Options 1 through 5 require significant additional s.14 analysis.

BACKGROUND:

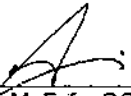
- The *Criminal Code* prohibits gambling except when the provincial government or its agent conducts and manages commercial gambling in that province (monopoly model). In B.C., only the British Columbia Lottery Corporation (BCLC), as an agent of the Crown, can conduct and manage commercial gambling.
- 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:

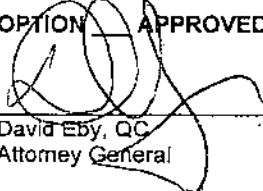
s.13; s.14

s.13; s.14

s.12; s.13; s.14; s.16



Richard J. M. Fyfe, QC
Deputy Attorney General
s.13

OPTION ☒ APPROVED


David Eby, QC
Attorney General

DATE:
JAN 30 2018

/

DATE:
April 11, 2018

Prepared by:

Rachel DeMott

Senior Policy Analyst

Gaming Policy and Enforcement Branch

s.17

Prepared by:

Jillian Hazel

Director, Policy and Communications

Gaming Policy and Enforcement Branch

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Approved by:

Michele Jaggi-Smith

Executive Director, Strategic Policy

Gaming Policy and Enforcement Branch

s.17

Approved by:

John Mazure

Assistant Deputy Minister

Gaming Policy and Enforcement Branch

250-953-4482

Attachment:

Appendix A

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Withheld pursuant to/removed as

s.12 ; s.13 ; s.14