

## **GPEB Comments on BCLC's Second Quarterly Player First Report (January 2008)**

On January 24, 2008, the British Columbia Lottery Corporation (BCLC) issued BCLC's second quarterly report outlining the status of its response for each of the recommendations made by B.C.'s Ombudsman in May 2007 concerning B.C.'s lottery systems. Consistent with those recommendations and Government's response, the Gaming Policy and Enforcement Branch (GPEB) is providing its first comments on GPEB's satisfaction with BCLC's progress in responding to those recommendations, as well as to recommendations made by GPEB in December 2006.

### **Observations**

Generally, the Branch has determined that BCLC has effectively responded to the concerns and recommendations made by the Ombudsman. In particular, GPEB notes:

- BCLC has generally completed all of the recommendations in GPEB's December 2006 report;
- BCLC's response to recommendations made by GPEB and to the Ombudsman's report has been proactive and suggests a high level of commitment by BCLC management and staff;
- BCLC's Player First program has strong elements that have significantly enhanced player protection; and
- In some cases, BCLC's actions have exceeded the recommendations made by the Ombudsman.

GPEB notes that BCLC must fulfill its obligations in response to recommendations made by the Ombudsman consistent with the Branch's regulatory and oversight role, including GPEB's responsibilities to:

- Register all lottery retailers;
- Certify all lottery schemes, lottery equipment and lottery tickets before they are used;
- Audit all aspects of BCLC's conduct and management of gaming, including BCLC's lottery business and its retailers;
- Investigate any instances of real or suspected wrongdoing or matter that may affect the integrity of gaming in any gaming venue or lottery retail outlet; and
- Monitor BCLC's compliance with its related reporting obligations.

GPEB has generally found, through its retailer inspection program and other monitoring efforts, a high level of compliance among retailers. GPEB has identified a small number of instances where:

- Retailers have not adopted all of BCLC's new policies and procedures; or
- Equipment at lottery retail outlets has been modified by retailers so that it no longer complies with BCLC standards.

To address retailer behaviour and technical issues at lottery retailer outlets, GPEB will regularly communicate to BCLC the findings from GPEB's retailer inspections to assist BCLC with its compliance efforts.

GPEB notes that BCLC has been reporting all files relating to serious disciplinary actions (i.e. terminations, suspensions) taken by BCLC in relation to lottery retailer activities. GPEB feels that a clear set of expectations is required for the circumstances under which incidents of more minor disciplinary actions (i.e. written warnings) should be reported by BCLC to GPEB.

**Chronology of Major Related Events**

- October 2006 – In response to concerns about Ontario lotteries, the Gaming Policy and Enforcement Branch initiated a review of B.C.'s lottery retailer network.
- December 2006 – GPEB issued its report and recommendations.
- December 2006 – B.C. Ombudsman announced she would investigate B.C.'s lottery systems
- May 2007 – the B.C. Ombudsman released her report (which made 27 recommendations to improve BCLC's retailer lottery winnings and prize validation procedures, as well as the regulation and oversight provided by GPEB).
- May 2007 – Government accepted all 27 recommendations. Of these, four pertained to GPEB and the remaining 23 to BCLC.
- June 2007 – Deloitte and Touche identified as independent auditors to review BCLC's lottery systems and GPEB's oversight of it.
- September 2007 – First quarterly reports released by GPEB and BCLC on the status of their implementation of recommendations made by the B.C Ombudsman.
- November 2007 – the Solicitor General released Deloitte and Touche's October 31, 2007 report.