

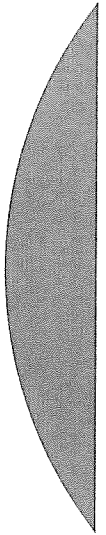


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VIA EMAIL

July 13, 2020

[applicant information]

Dear

Re: Request for Records: BCLC File 20-033

British Columbia Lottery Corporation (BCLC) writes further to your June 3, 2020 request, under B.C.'s *Freedom of Information and Protection of Privacy Act* (FIPPA) and BCLC's letter dated June 3, 2020.

You requested:

"A copy of all information notes and briefing notes created for the BCLC executive team and board, or sent to Government, for the period of May 12, 2020 to (June 3, 2020)."

BCLC is providing six pages of records in response to your request. Some information has been withheld from disclosure under sections 14, 16 and 17 of FIPPA. An additional 17 pages have been withheld in their entirety under sections 12 and 17 of FIPPA.

Below are the reasons for withholding information under the exception to disclosure noted.

Section 12 (cabinet and local public body confidences)

The information withheld under this section, if disclosed, would reveal the substance of deliberations of the Executive Council or one of its committees, including advice and recommendations submitted or prepared for submission to the Executive Council or one of its committees.

Section 14 (legal advice)

The information withheld under this section consists of specific legal advice that has been sought and provided to BCLC.

Section 16 (harm to intergovernmental relations or negotiations)

The information withheld under this section is harmful to intergovernmental relations because disclosure would reveal information that was received in confidence from a government organization.

Section 17 (harm to the financial or economic interests of BCLC)

The information recommended to be withheld under this section is harmful to BCLC's financial or economic interests because it would reveal financial and commercial information that belongs to BCLC and that has not been made public.

This response will be published a minimum of five business days after release at:
<https://corporate.bcl.com/who-we-are/corporate-reports/reports-disclosures.html>

If you have any questions or concerns regarding BCLC's processing of your request, please contact me at ksimcoe@bcl.com or at (250) 852-5228.

Additionally, under section 52 of FIPPA, you may ask the Information and Privacy Commissioner to review this reply to your request for information. You have 30 business days from the receipt of this notice to request a review by writing to:

Office of the Information and Privacy Commissioner for British Columbia
P.O. Box 9038, Station Provincial Government
Victoria, BC V8W 9A4

T (250) 387-5629 F (250) 387-1696
Email info@oipc.bc.ca Online www.oipc.bc.ca

Sincerely,
[original signed by]

Kevin Simcoe
Senior Freedom of Information Analyst

<p>INFORMATION NOTE British Columbia Lottery Corporation Date: May 15, 2020</p>	<p>PlayNow.com Sports Betting Changes</p>
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KEY FACTS:

BCLC’s contract with one of its sports-betting services vendors – Paddy Power – will end in May 2020 following the company’s merger with Flutter Entertainment, which also owns Poker Stars, a gambling website operating illegally in Canada.

BCLC’s contract with Paddy Power, a BCLC vendor since 2012, was originally set to expire in 2022 following a three-year contract extension signed in 2019. Flutter Entertainment’s merger recently closed with Poker Stars (which is not regulated in B.C.). Unless Flutter Entertainment shuts down Poker Stars’ operations in B.C. s 17(1)

Additionally, BCLC will not continue a long-term business relationship with a vendor associated to an illegal online gambling company that operates in circumvention of the Criminal Code of Canada and Gaming Control Act. This illegal activity does not align with BCLC’s mandate to conduct and manage commercial gambling in a socially responsible way for the benefit of British Columbians.

Beginning May 19, 2020, Scientific Games Digital (SG Digital) will transition to replace Paddy Power as the vendor supplying sports-betting services for BCLC on PlayNow.com. BCLC has a longstanding relationship with SG Digital across multiple parts of its business, and is a core platform supplier currently for PlayNow.com. The change should be seamless to players given the vast majority of major sporting events have been closed since March.

Given BCLC’s need to integrate with existing SG Digital software on PlayNow.com and that SG Digital is the lone vendor capable of providing the services required, BCLC moved forward with a contract via direct award under article 513(b) of the Canadian Free Trade Agreement. This article of the Agreement states a direct award can be awarded “if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist”. SG Digital is also in the process of providing similar sports-betting services to Loto-Quebec and supplies a number of regulated sportsbook operators around the world.

BACKGROUND:

BCLC entered into a contract with Ireland-based Paddy Power in 2011 to enhance and develop online sports-betting services for PlayNow.com, which it began offering in 2012. Paddy Power is an international multi-channel betting and gaming group and is one of the largest sports bookmakers in various international markets.

Despite COVID-19 related impacts to sports betting on PlayNow.com, the online gambling site is experiencing unprecedented growth overall, driven particularly at this time by strong growth in eCasino products.

s 17(1) to the Province of British Columbia to support health care, education and community programs in B.C.

PlayNow.com is the fastest growing channel of BCLC’s business, with continuous year-over-year growth of 19 per cent in 2019/20, 25 per cent in 2018/19, and 15 per cent in 2017/18.

s 17(1)

BCLC RESPONSE POINTS:

- **PlayNow.com is in the process of transitioning to a new online-sports vendor that provides odds and risk management services.**
- **Players may notice a slightly reduced offering for sports bets as PlayNow.com transitions to a new vendor. However, the impact of this is minimal given the lack of sporting events around the world due to COVID-19.**
- **We will be ready to offer players a full suite of sports betting on PlayNow.com when major professional sport leagues resume play.**

If needed:

- **BCLC's contract with our sports-betting services vendor has ended following the company's merger with an unregulated gambling website operating illegally in Canada.**
- **The merger prevents Paddy Power's long-term certification with the Gaming Policy and Enforcement Branch (GPEB) – a requirement of doing business with BCLC.**
- **Additionally, we will not continue a long-term business relationship with a vendor associated to an unregulated online gambling company that operates in circumvention of laws as this does not align with BCLC's mandate to conduct and manage commercial gambling in a socially responsible way for the benefit of British Columbians.**

Program Area Contact:	Name Laura Piva-Babcock	Number T: 250-828-5576
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INFORMATION NOTE

British Columbia Lottery Corporation

Date: May 25, 2020

**BCLC Request for Court Date
for Motion to Vary Sealing
Orders****Key Facts:**

On May 26, 2020, BCLC will apply to the Federal Court of Canada to vary a confidentiality order to allow BCLC to disclose certain records, subject to the Freedom of Information and Personal Privacy Act (FIPPA). The confidentiality order relates to a completed Federal Court matter regarding an administrative monetary penalty (AMP) imposed by the Financial Transactions and Reports Analysis Centre (FINTRAC), which, following a BCLC appeal, was set aside by the Federal Court on consent.

BCLC originally sought dates from the Federal Court on February 7, 2020 regarding this matter. In light of the COVID-19 pandemic and the associated suspension of most court proceedings, the application will be made in writing, rather than by conducting an in-person hearing. There is no timeline for when the Court will consider the matter or render its decision.

Once filed, BCLC's application will be public.

Some of the records in question, subject of [recent media coverage from CBC](#), are responsive to a request dated October 30, 2018 from media for information under FIPPA; BCLC has been unable to disclose the records given the Federal Court confidentiality order.

Background:

In 2010, FINTRAC assessed BCLC with an Administrative Monetary Penalty (AMP) of \$695,750 (which it later ^{s 14, s 16, s 17(1)}). BCLC appealed the AMP in the Federal Court – this appeal was successful and the AMP was set aside (by consent) in 2017. In 2012 and 2014, the Federal Court issued confidentiality orders in this proceeding. BCLC is only seeking to vary the 2012 order.

In 2018, BCLC received a Freedom of Information (FOI) request for six documents relating to BCLC's appeal. This request is currently the subject of an OIPC inquiry, and is similar to multiple requests made by the same applicant beginning in 2010. Due to the 2012 confidentiality order, BCLC is prohibited from disclosing the records requested in the FOI matter.

BCLC RESPONSE POINTS:

- **On May 26, 2020, BCLC applied to the Federal Court of Canada to lift the 2012 confidentiality order over certain records involved in an Office of the Information and Privacy Commissioner (OIPC) inquiry.**
- **The records relate to a completed Federal Court case regarding an administrative monetary penalty imposed by the Financial Transactions and Reports Analysis Centre which, following a BCLC appeal, the Federal Court later set aside (on consent) in 2017.**
- **Given that this matter is before the OIPC (BC) and will be before the Federal Court, BCLC is unable to provide further comment.**

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INFORMATION NOTE

British Columbia Lottery Corporation

Date: May 28, 2020

**EY Analysis: Grand Villa Casino
Cheque Issuance**

KEY FACTS:

On May 29, 2020, BCLC will proactively post to bclc.com an independent analysis report by Ernst & Young LLP Canada ("EY") which reviewed details of cheques issued at Grand Villa Casino (Grand Villa) during a three-year period of January 1, 2014 to December 31, 2016.

The analysis is the third of its kind conducted for BCLC since late 2017, when BCLC commissioned EY to undertake two other analysis reports, both at River Rock Casino on (a) cheque issuance and (b) patterns of play. BCLC posted both River Rock analysis reports to bclc.com in spring 2019.

Based on EY's most recent analysis of Grand Villa, BCLC is satisfied that there was no systemic pattern of money-laundering activity related to cheques issued by Grand Villa during the three-year period.

EY analyzed all 658 cheques of \$10,000 or more related to table-game play during the three-year period, and identified three cheques (approximately 0.5 per cent) that had exceptions related to issuance control procedures in place.

EY's analysis found that the exceptions were the result of human errors made by staff at Grand Villa. In two instances, Grand Villa issued Verified Win cheques for the incorrect amount due to errors in recording patron buy-in amounts. The unsupported amount was less than \$1,000. In one instance, Grand Villa issued a Return of Funds cheque for \$20,000 from the incorrect cash account. However, Grand Villa followed all Return of Funds procedures pertaining to patron identification and transaction reporting.

EY's analysis also found that Grand Villa did not issue any "Verified Win" cheques without gambling activity observed within the last 48 hours.

BACKGROUND:

All cheques issued by a Casino Service Providers fall into one of two categories: 1) "Verified Win" cheques for verified-slot jackpot or verified-table wins, and 2) "Return of Funds – Not Gaming Winnings" convenience cheques to return buy-in funds to a patron. All cheques are traceable as opposed to cash, and are clearly marked as one of the two types.

For patrons who do not have a Patron Gaming Fund Account, casinos are restricted to issuing only one "Return of Funds – Not Gaming Winnings" convenience cheque per week, per patron; and the cheque must not exceed \$10,000.

All patrons are required to provide verified identification and due diligence is conducted to ascertain the patron's source of funds and wealth. BCLC policy also states any attempt to receive a cheque with no or minimal play is refused and the buy-in cash is returned to the patron in the same denominations as used to buy-in. Such an attempted transaction would also be reported to FINTRAC, GPEB and the RCMP in a Suspicious Transaction Report.

BCLC RESPONSE POINTS:

- **Based on EY's analysis, BCLC is satisfied that there was no systemic pattern of money-laundering activity related to Grand Villa issuing cheques without play during the three-year period from January 1, 2014 to December 31, 2016.**
- **BCLC commissioned the independent analysis following allegations in the media that patrons were coming into a Lower Mainland casino with "dirty money," buying casino chips, playing notionally, then cashing the chips in and receiving a cheque in return.**

- EY analyzed every single cheque of \$10,000 or more related to table-game play during the three-year period. Of the 658 cheques analyzed, EY identified three cheques (approximately 0.5 per cent) that were not issued in accordance with BCLC policy. These were the result of human errors in recording patron's original buy-in amount and selecting the appropriate cash account.
- Prior to EY's analysis, BCLC had already taken action to mitigate the risks of money laundering. This includes requiring service providers to complete a Source of Funds Declaration for all cash and bank draft/certified cheque buy-ins of \$10,000 or more, placing certain players on sourced-cash conditions and banning individuals suspected of criminal activities from casinos.
- BCLC continues to enhance its anti-money laundering program to safeguard our industry from the ever-evolving risk of criminal activity.

Program Area Contact:	Name	Number
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INFORMATION NOTE

British Columbia Lottery Corporation

Date: May 29, 2020

Updated: BCLC Request for Court to Vary Sealing Orders

Key Facts:

On May 27, 2020, the Federal Court of Canada issued an order varying a confidentiality order, allowing BCLC to disclose six records in an Office of the Information and Privacy Commissioner (OIPC) inquiry, with some redactions and subject to the Freedom of Information and Personal Privacy Act (FIPPA).

The confidentiality order relates to a completed Federal Court case regarding an administrative monetary penalty imposed by the Financial Transactions and Reports Analysis Centre (FINTRAC), which the Federal Court set aside following a BCLC appeal. BCLC will review and redact the records pursuant to FIPPA and share them with Government prior to their release.

BCLC originally sought dates from the Federal Court on February 7, 2020 regarding this matter. In light of the COVID-19 pandemic and the associated suspension of most court proceedings, on May 26, 2020, BCLC submitted its application in writing, rather than by conducting an in-person hearing. BCLC's application and the Court's decision are public.

The records in question, subject of recent media coverage from CBC, are responsive to a request dated October 30, 2018 from media for information under FIPPA; previously, BCLC was unable to disclose the records due to the Federal Court confidentiality order.

Additionally, on February 13, 2020, BCLC received a Freedom of Information (FOI) request from the same media applicant for "*all records you hold that relate to compliance audits and to concerns that BC Lottery Corporation had incorrectly or improperly filed transaction reports with FINTRAC. Date range: January 1, 2008 to June 14, 2010.*" This request is in addition to the six records in the OIPC inquiry. While BCLC could not provide records in response previously due to the confidentiality order, it will now commence FIPPA reviews and required third-party consultations to release the records to the applicant this summer. BCLC will be notifying the applicant that this process is underway.

Background:

In 2010, FINTRAC assessed BCLC with an Administrative Monetary Penalty (AMP) of \$695,750 (which it later ^{s 14, s 16, s 17(1)}). BCLC filed an appeal of the AMP in the Federal Court – this appeal was successful and the AMP was set aside in 2017. In 2012 and 2014, the Federal Court issued confidentiality orders in this proceeding.

BCLC RESPONSE POINTS:

- **On May 27, 2020, the Federal Court of Canada varied the confidentiality order over certain records involved in an Office of the Information and Privacy Commissioner (OIPC) inquiry.**
- **While the confidentiality order previously prohibited BCLC from releasing the records, we are now able to do so with some redactions and in accordance with the Freedom of Information and Privacy Protection Act.**
- **The records relate to a completed Federal Court case regarding an administrative monetary penalty imposed by the Financial Transactions and Reports Analysis Centre which, following a BCLC appeal, the Federal Court later set aside in 2017.**

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