

LOTTERY OPERATIONS AGREEMENT

THIS AGREEMENT made this _____ day of _____, _____.

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION
10760 Shellbridge Way
Richmond, BC V6X 3H1
(hereinafter referred to as the "Corporation")

OF THE FIRST PART

-and-

«BE_NAME»
«BE_ADDRESS»
«BE_CITY», «BE_PROV» «BE_POSTAL_CD»

(hereinafter referred to as the "Retailer")

OF THE SECOND PART

WHEREAS the Corporation on behalf of, and as agent for, the government of British Columbia has the authority to manage, conduct, operate and authorize operation of and participation in lotteries;

AND WHEREAS, subject to the terms and conditions contained herein, the Corporation has agreed to authorize the Retailer to operate a lottery outlet and to grant to the Retailer the right to use the equipment and the premises (if owned or leased by the Corporation) described in Schedule "A".

NOW THEREFORE, the parties hereto covenant and agree each with the other as follows;

1. DEFINITIONS

Unless the context otherwise requires, the various terms used herein shall have the meaning ascribed to them in the applicable Rules and Regulations Respecting Lotteries and Gaming of the Corporation or Rules and Regulations Respecting Lotteries and Lottery Tickets of the Interprovincial Lottery Corporation ("ILC").

"equipment" means any mechanical, electronic or other devices whatsoever, signs, fixtures, kiosks and paraphernalia supplied by the Corporation to the Retailer for the operation of lotteries.

2. GENERAL PROVISIONS

The Corporation:

- (a) grants to the Retailer the right to utilize equipment and the premises (if owned or leased by the Corporation) for the sole purpose of performing the Retailer's duties and responsibilities hereunder, which right shall forthwith terminate upon the termination of this Agreement;
- (b) covenants and agrees to provide to the Retailer tickets and equipment described in Schedule "A" and deemed necessary by the Corporation to meet the requirements of this Agreement; and
- (c) covenants and agrees to pay to the Retailer such commissions, or other remuneration, at rates or amounts as are established from time to time by the Corporation.

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3. OPERATIONS

The Retailer covenants and agrees:

- (a) to permit or allow the installation or operation of only such equipment pertaining to the sale and operation of lotteries as is authorized by the Corporation;
- (b) to locate the equipment on the premises only at the site and specific locations previously approved by the Corporation;
- (c) to provide and maintain such telecommunication facilities, as may be directed by the Corporation from time to time, for the effective operation of the equipment at locations specified by the Corporation;
- (d) to pay all charges incurred in the operation of the equipment and telecommunication facilities;
- (e) to be responsible to the Corporation for the costs of repairing or replacing any equipment or any portion thereof destroyed, lost or stolen other than repairs necessitated by normal wear and tear or by defective manufacture;
- (f) to provide at all times for the physical security of equipment and safeguard its proper operation and immediately notify the Corporation of any malfunction;
- (g) to designate those employees, acceptable to the Corporation who will be performing the sales and operational functions and undertake to have them attend such training sessions as the Corporation may from time to time require;
- (h) to operate the equipment as stipulated by the Corporation;
- (i) not to attempt to repair, relocate or otherwise tamper with the equipment;
- (j) to comply with this Agreement and Schedule "A", the applicable rules and regulations of the Corporation and of ILC, Instructions, Directives, and Operating Manuals of the Corporation, as amended from time to time;
- (k) to provide services in accordance with this Agreement and Schedule "A", the applicable rules and regulations of the Corporation and of ILC, Instructions, Directives and Operating Manuals of the Corporation, as amended from time to time;
- (l) to allow the Corporation, and any person, firm, or corporation acting on its behalf, access to the Retailer's premises during the hours identified in Schedule "A" for the purposes:
 - (i) of installing, inspecting, repairing or removing equipment;
 - (ii) of investigations of any complaints; and
 - (iii) of ensuring compliance with this Agreement and Schedule "A", the applicable rules and regulations of the Corporation and of ILC, Instructions, Directives, and Operating Manuals of the Corporation, as amended from time to time;
- (m) to assist the Corporation or any person, firm, or corporation acting on its behalf in the conduct by, or on behalf of, the Corporation of any investigation, security inspection or enforcement activity;
- (n) to keep and maintain records and tickets in a form that complies with Instructions, Directives and Operating Manuals of the Corporation, as amended from time to time, and to make such records and tickets available to the Corporation on demand for removal, inspection and/or audit;
- (o) to acquire tickets only from the Corporation;
- (p) not to sell to, purchase from, or otherwise utilize tickets of another Retailer; and
- (q) to maintain sufficient insurance, as required by the Corporation from time to time, to cover the Retailer's obligations under this Agreement and to give proof of such insurance to the Corporation upon request.

4. MARKETING

The Retailer covenants and agrees:

- (a) to at all times provide qualified staff to be responsible to perform the required sales and operation functions during the hours agreed to in Schedule "A" ;
- (b) to display the applicable rules and regulations of the Corporation and of ILC, game rules and conditions, prize structures and pertinent product information as stipulated by the Corporation;
- (c) to fully utilize the promotional materials provided by the Corporation;
- (d) to maintain the sales quotas established by the Corporation from time to time;
- (e) to conduct lottery operations only at the location designated by the Corporation; and
- (f) to operate the business in a courteous and business-like manner.

5. FINANCIAL

The Retailer covenants and agrees:

- (a) to pay the fees in the amounts set out in Schedule "A" hereto, without deduction, and the Retailer hereby acknowledges that such fees may be adjusted by the Corporation upon 30 days written notice to the Retailer;
- (b) to pay for all tickets and other products provided by the Corporation to the Retailer;
- (c) that upon receipt, all tickets received by the Retailer shall be deemed to have been purchased by the Retailer;
- (d) to deposit in an account from time to time designated by the Corporation, all monies owed to the Corporation, in such amounts and in such manner as the Corporation directs. The Retailer acknowledges that all monies received from the sale of on-line lottery tickets or through gaming machines are the property of the Corporation and the Retailer receives, holds and deals with the same as trustee for the Corporation;
- (e) to have on hand at all times sufficient funds to meet prize payout obligations up to the prize level for the Retailer set out in Schedule "A";
- (f) to be responsible for all losses involving illegal transactions and those incurred as a result of not complying with Instructions, Directives and Operating Manuals of the Corporation, as amended from time to time;
- (g) to bear the loss for stolen, lost or damaged ticket inventory, lost or stolen monies, and counterfeit monies or tokens; and
- (h) at the option of the Corporation, as security for the performance of the Retailer's obligations hereunder, to provide to the Corporation a letter of credit from a Canadian chartered bank or other financial institution approved by the Corporation, and such additional or other security in such amounts, and on such terms as may be required by the Corporation from time to time.

6. BUSINESS PRACTICES

The Retailer covenants and agrees:

- (a) not to promote, display, operate or offer for sale, any other lotteries, games of chance, games of mixed chance and skill, gaming devices, or engage in any such activity that is illegal or is not authorized by the Corporation;
- (b) not to use any advertising or promotional material relating to lotteries, except that which is provided or approved by the Corporation;
- (c) not to engage in any promotional event designed to encourage the sale of the Corporation's products and not to use the words "Casino", "Reno", "Las Vegas" or other words denoting gaming and betting activity without the prior written consent of the Corporation;
- (d) not to sell on credit;
- (e) not to allow participation in any of the Corporation's games by anyone who does not meet the minimum age requirement as stipulated by the Corporation;
- (f) not to sell tickets to a person who the Retailer knows, or ought to know, is likely to resell them;
- (g) not to sell tickets in excess of the price shown thereon;
- (h) not to engage in conduct that, in the sole discretion of the Corporation, is contrary to the public interest or harmful to the integrity or reputation of the lotteries;
- (i) not to have an interest, directly or indirectly, in another business authorized by the Corporation to conduct lottery operations, without the prior written consent of the Corporation;
- (j) not to participate or permit any employee or agent who is directly responsible for carrying out any function of the Retailer hereunder, while on active duty, to play or participate in those lottery games designated, from time to time, by the Corporation and operated on the premises; and
- (k) not to, in any way promote or engage in any activity in competition with lotteries offered by the Corporation without the prior written consent of the Corporation.

7. SUSPENSION

The Corporation may suspend the operation of the Retailer under this Agreement and the rights granted to the Retailer pursuant to this Agreement:

- (a) if the Retailer is in default of any of the clauses contained in Section 5 of this Agreement; or
- (b) during an investigation by the Corporation of a possible breach of any of the provisions of this Agreement, or of Schedule "A".

8. TERMINATION

Either party may terminate this Agreement by giving seven days notice in writing to the other party.

9. The Corporation may terminate this Agreement without notice upon the happening of any of the following events, namely:

- (a) if the Retailer, or any employee of the Retailer, is in breach of any of the covenants contained herein, or of the applicable rules and regulations of the Corporation or of ILC, Instructions, Directives or Operating Manuals of the Corporation, as amended from time to time;
- (b) if the Retailer sells, reorganizes, vacates or is required to vacate the premises, or discontinues business operations, or if such business operations are suspended or discontinued because of a breach by the Retailer, or any employee of the Retailer, of any Federal, Provincial or Municipal Statute, Regulation or Bylaw;
- (c) if the Retailer, or any employee of the Retailer designated pursuant to 3 (g), is charged or convicted of a crime;

TERMINATION

- (d) if the Retailer, or the Retailer's representative(s), makes a misrepresentation on the Application form, or on any documentation submitted to the Corporation;
 - (e) in the event of the bankruptcy or insolvency of the Retailer, or if a receiver or a liquidator is appointed over some or all of the assets of the Retailer, or in the event any of the assets of the Retailer are seized or distrained upon; or
 - (f) in the event that the Retailer, or any employee, or agent of the Retailer, commits any act which would entitle a landlord to terminate any lease upon which the premises are located pursuant to the provisions thereof.
10. Termination of this Agreement in no way relieves the Retailer of any and all outstanding obligations to the Corporation arising under this Agreement.
11. The Retailer acknowledges that upon termination of this Agreement, the Corporation shall have immediate access to remove all the equipment and any unsold tickets; and the Retailer acknowledges the equipment shall be in good working order.
12. In the event of any inconsistency between any records generated by the Retailer, by gaming machines or by the computer system of the Corporation, the final record shall, in each case, be determined by the information and records generated by the computer system of the Corporation, and the Retailer shall be bound thereby and account to the Corporation on the basis of information generated by the computer system of the Corporation.
13. **NOTICES**
- Any notice, permitted or required to be given by the Corporation to the Retailer, may be given by posting the same by prepaid registered mail and addressed to the Retailer at the address appearing in this Agreement or by personal delivery to the Retailer. Any notice permitted or required to be given by the Retailer to the Corporation may be given by posting the same by prepaid registered mail addressed to Corporation's Head Office. Except during periods of a postal strike or of a general interruption of postal services, any notice given by registered mail hereunder shall be deemed to have been received on the second business day following posting of the same.
14. **INDEMNITY**
- The Retailer covenants and agrees to indemnify and save harmless the Corporation from any and all liabilities, claims, actions and judgments arising from or relating to the Retailer's acts or omissions in the performance of this Agreement.
15. The Retailer acknowledges that the Corporation shall not be liable to the Retailer for any loss or injury resulting from fire or other occurrences resulting from the installation, operation, or removal of Corporation owned equipment or failure, malfunctions or interruptions in use or cessation of operation thereof, or reasonable defacement of premises caused by the installation, repair or removal of the equipment, whether or not such loss or injury is the result of the negligence or deliberate act of the Corporation or its representatives.
16. **MISCELLANEOUS**
- The Retailer acknowledges that the equipment is the sole property of the Corporation and, except for any contractual rights created hereunder, the Retailer acknowledges that it has no proprietary rights to or interest in the equipment, any trademark or other intellectual properties, license, lease or other agreement affecting the equipment. The Retailer, having the power to do so, does hereby grant to the Corporation the right to install and maintain equipment on the site specified in Schedule "A" hereto.

MISCELLANEOUS

- 17. The Retailer acknowledges that the Retailer is not an employee, agent or representative, joint venturer, or partner of the Corporation, or of the Interprovincial Lottery Corporation, and the Retailer shall not represent or hold out to be other than an independent contractor pursuant to this Agreement.
- 18. If any covenant, or term hereof, or the application thereof to any person, or in any circumstance, to any extent is held invalid or unenforceable, the remainder of this Agreement or the application of the term, covenant or condition to any person or circumstance, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant and condition shall be valid and enforceable to the fullest extent permitted by law.
- 19. This Agreement and Schedule "A" constitutes the entire agreement between the Retailer and the Corporation and supersedes all prior agreements and understandings, oral or written, between the parties hereto or their respective representatives with respect to the matters herein and shall not be modified or amended, except by written agreement signed by the parties hereto; saving and excepting that the Rules and Regulations Respecting Lotteries and Gaming, Instructions, Directives and Operating Manuals of the Corporation, as amended from time to time, shall be binding upon the Retailer to the same extent as if incorporated into and forming part of this Agreement.
- 20. This Agreement and Schedule "A" shall be interpreted and the rights of the parties shall be governed by the laws of the Province of British Columbia;
- 21. The singular shall include the plural and vice versa where the context so requires.

22. EFFECTIVE DATE

This Agreement shall be effective from the date first above written and shall remain in force until terminated.

23. TRANSFER, SALE AND ASSIGNMENT PROHIBITED

No transfer, sale or assignment of this Agreement by the Retailer is valid without the prior written consent of the Corporation, which consent may be withheld for any reason. Any transfer, sale or assignment or attempted transfer, sale or assignment by the Retailer without the prior written consent of the Corporation shall render this Agreement null and void.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first written above.

BRITISH COLUMBIA LOTTERY CORPORATION

RETAILER'S NAME

Per: _____

Per: _____ (sign)

Per: _____ (Print)

(Seal if Corporation)

(Witness if individual)