

**BCLC Response to Recommendations by the BC Ombudsman  
Player First Status Update – December 2008**

<b>Ombudsman Recommendation</b>	<b>Action Description</b>	<b>Current Status</b>	<b>Target Completion</b>
<b>Note: "Retailer(s)" refers to any lottery retail location owner, manager or employee who operates BCLC lottery equipment, handles lottery products, or provides lottery services.</b>			
<p><b>1. BCLC create and maintain a list of current identifying information on all BCLC retailers and BCLC retailer employees.</b></p>	<p>Phase 1: Initial compilation of current identifying information for lottery retailers.</p> <p>Phase 2: Comprehensive retailer database developed in conjunction with the retailer training and certification program starting October 2007.</p> <p>BCLC provides Gaming Policy Enforcement Branch (GPEB) monthly updates for on-site location manager information and Lottery Operations Agreement signatory for registration purposes.</p>	<p>Complete</p> <p>Complete (Ongoing)</p> <p>Complete (Ongoing)</p>	<p>August 2007</p> <p>March 2008</p> <p>September 2007</p>
<p><b>2. BCLC require all BCLC retailers and BCLC retailer employees (insiders) to use a swipe card or enter a code before all purchases of lottery products in order to collect a prize.</b></p>	<p>BCLC is investigating a universal player card that would be optional for players and mandatory for lottery retailers.</p> <p>Introduction of a "No Play At Work" policy prohibiting lottery retailers and their employees from purchasing, playing or validating their personal lottery tickets at their location of employment.</p> <p>Introduction of a Lottery Retailer Code of Conduct which provides for consistent standards and expectations across the BCLC lottery network.</p>	<p>Investigation in progress</p> <p>Complete</p> <p>Complete</p>	<p>Summer 2010</p> <p>July 2007</p> <p>July 2007</p>
<p><b>3. BCLC report publicly and annually on the rate of insider play and wins at all prize levels.</b></p>	<p>BCLC will conduct regular independent research into retailer activity and report publicly on the rate of insider play and prize wins at all levels.</p>	<p>Complete (Ongoing)</p>	<p>July 2008</p>

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<p><b>4. BCLC pursue the development of technological security enhancements to monitor self-checking machines, speakers and any other devices designed to alert purchasers / customers of a win and if these devices are disabled for any reason to suspend sales at that location until they are inspected and repaired.</b></p>	<p>This recommendation seeks to reduce or eliminate the ability for any customer facing device to be tampered with or taken out of service:</p> <ul style="list-style-type: none"> <li>• Lockdown of lottery terminals</li> <li>• Check-A-Ticket Security Enhancements</li> <li>• Customer Display Monitor Security Enhancement</li> </ul>	<p>Complete</p> <p>Complete</p> <p>Complete</p>	<p>November 2007</p> <p>January 2008</p> <p>March 2008</p>
<p><b>5. BCLC require tickets or ‘non-valid duplicates’ to be returned to all ticket holders with appropriate markings to identify whether the ticket is not a winner; has been validated but not paid out; or is a winner and has been paid out.</b></p>	<p>BCLC has implemented a new validation procedure that requires lottery retailers to return all tickets to the player. This new procedure requires lottery retailers to stamp the back of winning tickets with “BCLC Paid by Lottery Retailer” stamp.</p> <p>In addition, BCLC created a validation information slip which is given to a player when the ticket is a winner but the lottery retailer can not pay-out the prize. This validation information slip confirms the prize.</p> <p>Currently tickets printed by the lottery terminal show purchase or play information which, if removed, could be used to enhance security investigations.</p> <p>A new device is in development for use at point of sale to allow the player to validate their own ticket. The player will have no need to surrender the original ticket to a lottery retailer.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>BCLC conducted research into the development of a player self validating device at retail locations. The research concluded that the controls in place during the current validation process provided</p>	<p>June 2007</p> <p>May 2007</p> <p>January 2008</p>

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		players sufficient protection.	
<p><b>6. BCLC include on-screen information about winning tickets in more than one language if the demographics of an area indicate this is useful.</b></p>	<p>Providing multi-lingual information on the Customer Display Monitor, by location, is not possible as they are not programmed to display different messages for each lottery retailer.</p> <p>BCLC is committed to more clearly communicating winning results to all players. When a player validates a winning ticket, the universal win symbol (dollar signs) will appear on the screen along with the word “WINNER” and the winning amount.</p> <p>BCLC has developed a brochure to educate players about winning tickets in multiple languages.</p> <p>BCLC has initiated an ongoing process to identify opportunities to provide multi-lingual information to players.</p>	<p>Complete</p> <p>Complete</p> <p>Complete (Ongoing)</p>	<p>August 2007</p> <p>January 2008</p> <p>June 2008</p>
<p><b>7. BCLC impose an audit process on all wins over \$3,000 that includes the requirement for a winner to make a statutory declaration that they are not a close relative of a BCLC retailer or a BCLC retailer employee.</b></p>	<p>A statutory declaration will be required by all prize claimants for amounts of \$3,000 or greater to verify they are not a lottery retailer, or a family member of a lottery retailer. All Prize Payout and select Casino staff have been appointed as Commissioners for taking Affidavits.</p> <p>Prize Payout limit for mail-in claims reduced from \$100,000 to \$9,999.99.</p> <p>The prize claim process for mail-in claims revised to include a process for the new validation procedures, including statutory declaration requirements, as well as new process for security investigations.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p>	<p>November 2007</p> <p>August 2007</p> <p>November 2007</p>

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	<p>Prize claim forms revised to include a claimant declaration indicating if the player is a lottery retailer or a family member of a lottery retailer.</p> <p>Lotto Subscription forms revised to include a claimant declaration indicating if the player is a lottery retailer or a family member of a lottery retailer.</p>	Complete	July 2007
		Complete	February 2008
<p><b>8. BCLC require BCLC retailers to collect identification from winners for wins of \$1,000 and greater and forward this information to BCLC. BCLC will then input this data into a database and perform random and regular audits to ensure the rightful owner of the winning ticket was paid the correct prize.</b></p>	<p>BCLC has reduced prize payout validation limits at lottery retail locations throughout the province from \$3,000 to \$999.99. This will allow BCLC to capture information for winners \$1,000 and higher in the prize winner database.</p> <p>A process for conducting regular audits of these claims established.</p>	Complete	September 2007
		Complete	December 2007
<p><b>9. BCLC commit to moving toward implementing 100% coverage of Check-A-Ticket Terminals (CATs) and Keno Self-Service Terminals (SST) as soon as possible.</b></p>	<p>Check-A-Ticket Terminals (CATs) allow the player to check lottery products except Scratch and Win tickets and Pull Tabs. The CAT will display whether your ticket is a winner or not, and if so, how much you've won. BCLC will provide 100% Check-A-Ticket Terminal (CAT) coverage at all lottery locations.</p> <p>Newly developed self-service lottery terminals (SSTs) will be installed in bars and pubs that sell lottery products so players can purchase and validate their own lottery tickets.</p> <p>Scratch &amp; Win (S&amp;W) tickets are currently not readable by CATs. In order to provide this capability, S&amp;W tickets will be redesigned by placing the validation bar code under latex. The bar code would not be readable until the latex is removed, thereby providing an additional layer of security.</p>	Complete	November 2007
		Installation of SSTs currently in progress.	March 2009
		BCLC is in contract negotiations with select vendors for Instant Win and Break-Open ticket printing.	Summer 2009

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<p><b>10. BCLC implement a system where Scratch &amp; Win tickets (S&amp;W) are recorded when sold to a player. BCLC to use this information as a security check during prize payout process.</b></p>	<p>BCLC will investigate options for tracking the time of sale for individual Scratch &amp; Win (S&amp;W) tickets. In order to do this, the entire process for the development and distribution of S&amp;W tickets will be reviewed.</p> <p>BCLC is investigating options for scanning or recording the code on a pack of S&amp;W tickets prior to selling them to a player. This will help identify the timeframe when a ticket is sold to a player. This record will be used as a security check during the prize payout process for prizes greater than \$1,000.</p>	<p>Options are being reviewed.</p> <p>Options are being reviewed.</p>	<p>Summer 2009</p> <p>Summer 2009</p>
<p><b>11. BCLC modify its internal watchdog system to ensure that multiple checks of the same ticket, multiple attempts to validate a scratch and win or similar product, and any other suspicious activity be identified, investigated, reported upon, acted upon and tracked for trends.</b></p>	<p>Internal systems currently used to monitor retail activities and sales patterns for suspicious activity will be upgraded and integrated into a new incident tracking system. System replacement under consideration.</p>	<p>BCLC continues to improve and expand its enterprise Fraud Detection capabilities.</p>	<p>Summer 2009</p>
<p><b>12. BCLC develop an incentive program for BCLC retailers and BCLC retailer employees to identify gaps in post-point of sale security procedures and report them to BCLC.</b></p>	<p>BCLC will provide an incentive to retailers that will encourage them to identify opportunities for post point of sale security improvements.</p>	<p>Complete</p>	<p>June 2008</p>
<p><b>13. Where BCLC reasonably suspects that a BCLC retailer or retailer employee or any other person has committed a criminal offence, BCLC promptly pass on this information to the appropriate police force.</b></p>	<p>BCLC reports any incidents of suspected fraud or other criminal activity to police and to Gaming Policy &amp; Enforcement Branch.</p>	<p>Complete (ongoing)</p>	<p>November 2006</p>
<p><b>14. BCLC have a clear, consistently enforced, process of progressive discipline for BCLC retailers and BCLC retailer employees for breaches of post-point of sale security including where appropriate termination of</b></p>	<p>To help make sure players are protected and serviced by retailers willing to support BCLC policies and procedures, an enhanced Lottery Retailer Progressive Discipline Policy has been put in place. The Policy makes certain</p>	<p>Complete</p>	<p>July 2007</p>

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<p><b>the BCLC contract.</b></p>	<p>there is clear and consistent application of discipline that will be followed if BCLC Corporate Security investigators identify conduct by lottery retailers which harm and undermine:</p> <ul style="list-style-type: none"> <li>• the integrity or security of lottery games</li> <li>• the reputation of BCLC's lottery games</li> <li>• BCLC's authority to conduct, manage and operate lottery schemes on behalf of the Government of BC.</li> </ul> <p>Disciplinary measures range from warning letter to immediate termination of the Lottery Operations Agreement depending on the type of contractual violation.</p>		
<p><b>15. BCLC certify all persons operating its machinery have been properly trained to do so.</b></p>	<p>BCLC will certify that all persons identified as Lottery Retailers have been trained. Lottery retailers will have to pass a test to receive certification. Once certified, BCLC captures the names and date of birth of all lottery retailers for addition to the lottery retailer database (used to verify lottery retailer prize claims). Lottery retailers are required to maintain correct database information.</p> <p>Phase 1 - Training sessions will be available at BCLC offices, regional locations and on-site by BCLC Sales Representatives.</p> <p>Phase 2 - Web-based/online training.</p>	<p>Complete</p> <p>Complete (ongoing)</p>	<p>October 2007</p> <p>March 2008</p>
<p><b>16. BCLC conduct regular, random and comprehensive audits of BCLC retail outlets to ensure compliance with its post-point of sale policies and take progressive disciplinary action for any breaches.</b></p>	<p>BCLC's "mystery shopper" program now involves ensuring retailer compliance with BCLC's validation procedures. Disciplinary action will take place as a result of any breaches.</p> <p>Phase 1 – Mystery Shopper visits</p>	<p>Complete</p>	<p>December 2007</p>

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	Phase 2 – Enhanced Mystery Shopper program	Complete (ongoing)	January 2008
<p><b>17. BCLC develop an incentive program for purchasers/customers to promptly report deficiencies at its retail outlet.</b></p>	<p>BCLC is developing a Player incentive program.</p> <p>Players can contact BCLC Consumer Services (toll-free line, mail or using bclc.com) to report any perceived deficiencies in the lottery retail environment.</p> <p>BCLC’s Corporate Security staff will investigate and document all reported lottery retailer deficiencies and take appropriate action when necessary.</p>	<p>Complete</p> <p>Complete</p> <p>Current practice</p>	June 2008
<p><b>18. BCLC create a written policy for dealing with all customer complaints about post point of sale security issues, including clear categories for identifying and tracking those customer complaints; a requirement that all those customer complaints be referred to and investigated by security; a process for analysing those complaints and tracking trends; and a requirement that the results of the process be reported on annually to the Chief Executive Officer, the Board of BCLC and the public.</b></p>	<p>This program is intended to take a company-wide view to complaint management and resolution. It will involve changes to systems, process, policy and procedures. Trend analysis and integration to the overall risk and fraud framework will be included.</p>	Complete	July 2008
<p><b>19. BCLC establish a position at the senior management level with responsibility for all aspects of post point of sale purchaser/customer prize payout security of lottery products.</b></p>	Executive Director, Player Relations position established	Complete	December 2007
<p><b>20. BCLC implement all GPEB December 2006 recommendations promptly.</b></p>	BCLC has accepted all of GPEB’s December 2006 recommendations.	Complete	February 2008

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<p><b>21. BCLC be open to receiving complaints from players who feel that they were the victim of retailer impropriety. BCLC to investigate the complaints fully to determine if substantiated; if so, BCLC should be willing to reimburse the player.</b></p>	<p>All security-related complaints, including complaints of retailer impropriety, made through telephone, written correspondence or submitted through bclc.com are forwarded to lottery security for tracking and full investigation. Results of investigations are communicated to the player involved.</p>	<p>Complete</p>	<p>May 2007</p>
<p><b>22. BCLC review its records including phone logs and security records to determine if there are any complaints where BCLC can improve its response or investigation.</b></p>	<p>Call logs/transcripts for August 2004 through December 2006 were provided to KPMG for third-party review. Records identified by KPMG are being reviewed and investigated by Corporate Security.</p>	<p>Review complete Complete</p>	<p>July 2007 June 2008</p>
<p><b>23. BCLC security review all multiple retailer winners to confirm that the prize payouts are valid; if suspicious circumstances are found, BCLC to report to the appropriate authorities.</b></p>	<p>BCLC contracted a third party Forensic Accountant to review in detail and report on the prize claim files of lottery retailers from 2001 to 2007 who have claimed prizes over \$10,000. Specifically to determine whether the rightful owner of the prize winning ticket has been paid and/or possible reasons for multiple wins.</p> <p>The Solicitor-General appointed Deloitte &amp; Touche to conduct a formal review of BCLC and GPEB, which includes review of winner files.</p> <p>BCLC security conducted a review of files.</p> <p>Third party Forensic Accountant conducted a review of additional files.</p> <p>Gaming Policy and Enforcement Branch (GPEB) is conducting a review of files.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>	<p>August 2007</p> <p>November 2007</p> <p>January 2008</p> <p>February 2008</p> <p>June 2008</p>
<p><b>Actions related to concerns about Game Design Issues (Ombudsman’s Report, Appendix C)</b></p>			
<p><b>Review of Pull Tab model and provide recommendations for change.</b></p>	<p>BCLC will investigate options regarding what prizes have been won and which remain for</p>	<p>Complete</p>	<p>April 2008</p>

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	the prize categories on Pull Tab games.		
<b>Scratch &amp; Win (S&amp;W) Prizes won reported on bclc.com</b>	BCLC provides information through our website on what prizes have been won and which remain for the prize categories on S&W games.	Complete	March 2008

**ADDITIONAL INITIATIVES BEING IMPLEMENTED TO PUT BCLC AT THE FOREFRONT OF PLAYER PROTECTION**

<b>Additional Action</b>	<b>Action Description</b>	<b>Current Status</b>	<b>Target Completion</b>
<b>“Win” tune change.</b>	The win tune is the musical jingle that plays on the Lottery Terminal every time there is a winning ticket validated. The music now plays at the loudest volume and the tune has been modified to make it more distinct.	Complete	September 2007
<b>Lottery terminal freeze.</b>	When a validation of \$10,000 or greater occurs, the Lottery Terminal freezes. A BCLC representative contacts the lottery retailer immediately and ask to speak with the player directly to confirm the win, obtain important information to safeguard the player’s ticket and explain what to do next. The terminal is then reactivated.	Complete	November 2007
<b>Extend validation file retention period.</b>	Currently tickets that are validated or checked multiple times within 30 days following the draw will return the message to the player of “Already Validated.” Due to data storage limitations, after 30 days the game validation files are purged and any further attempts to repeat validate displays “Not A Winner”, leading to occasions when player believes he/she is being deprived of a win. System changes were implemented to retain the specific validation message for a one-year	Complete	November 2007

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	period.		
<b>ADDITIONAL INITIATIVES BEING IMPLEMENTED TO PUT BCLC AT THE FOREFRONT OF PLAYER PROTECTION</b>			
<b>Additional Action</b>	<b>Action Description</b>	<b>Current Status</b>	<b>Target Completion</b>
<b>Implement “Play With Confidence” advertising.</b>	<p>BCLC has implemented and will continue to support the “<i>Play with Confidence</i>” advertising program.</p> <p>BCLC will provide players with educational information about how to protect their ticket and how to determine if their ticket is a winner, and if so, how much.</p>	Complete (Ongoing)	December 2007
<b>Validation limit reduction and implementation of extended hours for Prize Payout Offices.</b>	<p>BCLC has reduced prize payout validation limits at lottery locations from \$3,000 to \$999.99. For prizes \$1,000 - \$9,999 players will be directed to claim prizes at BCLC’s Richmond or Kamloops Prize Payout Offices, one of five Regional Prize Payout Centres or through the mail.</p> <p>Prize claims \$10,000 or greater must be claimed in person at BCLC’s Richmond or Kamloops Prize Payout Offices only.</p> <p>BCLC’s Richmond and Kamloops Prize Payout Office hours of operation were extended until 9:00 pm on Thursdays and open Saturdays from 9:00 am to 4:30 pm to accommodate anticipated demand.</p>	Complete	September 2007
<b>Withhold payment to lottery retailers who have violated the “No Play At Work” policy.</b>	Investigation underway to determine if legal impediments to paying out retailer wins can be overcome.		Unknown