

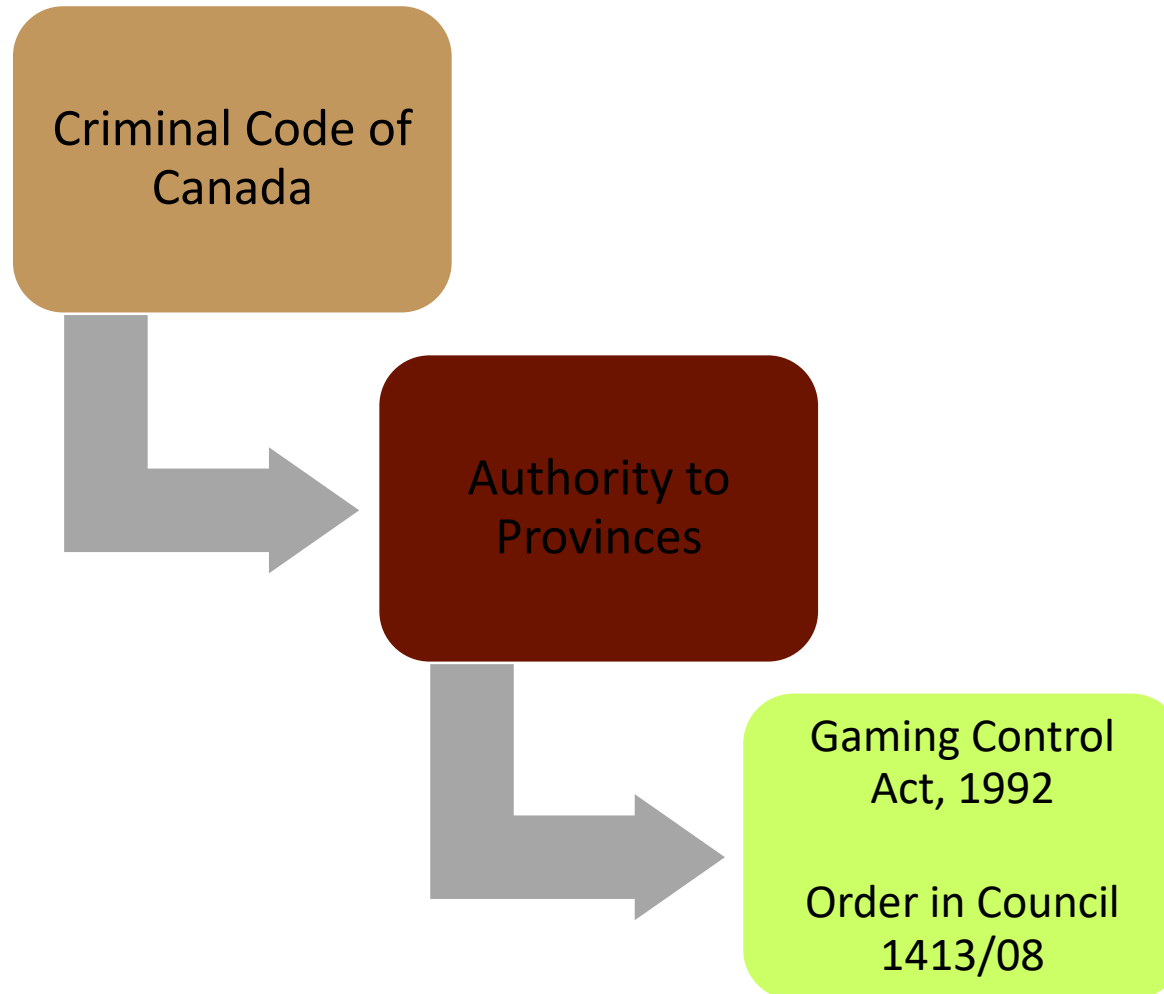
# 2020 Charitable Gaming – Lottery Licensing: Conducting and Managing Lottery Events

FEBRUARY 14, 2020

ALCOHOL AND GAMING COMMISSION OF ONTARIO

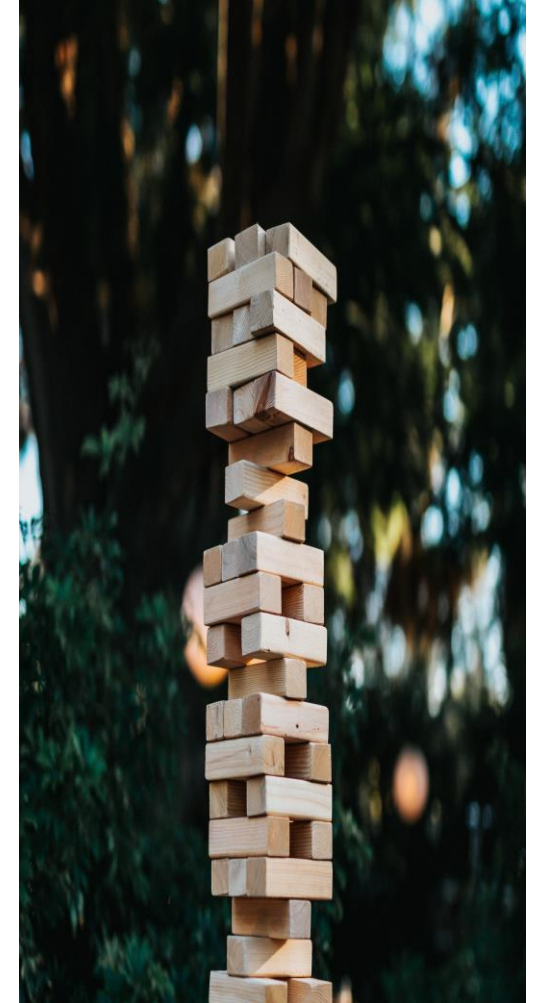


# The Regulatory Framework



# THE REGULATORY FRAMEWORK

- Section 206 of the *Criminal Code of Canada* prohibits gaming activities, with the following exceptions in Section 207 (1):
  - A) Provincial Governments - Ontario Lottery and Gaming Corporation (6/49, Lotto Max, Provincial Casinos, cGaming)
  - B) Charitable or religious organizations, pursuant to a licence issued, to conduct and manage a lottery scheme if proceeds are used for charitable or religious purposes
  - C) Lottery schemes “conducted and managed” by a licensed board of a fair or exhibition or by an operator of a concession leased by that board



# DEFINITION OF A LOTTERY SCHEME



- A lottery event contains three elements:
  - Consideration or Fee;
  - Chance;
  - Prize
- ❖ consideration may be direct or indirect
- Only those lottery events approved by the AGCO are licensable. These approved lottery events are detailed in the *Lottery Licensing Policy Manual (LLPM)*
- The LLPM is available on the AGCO website: [www.agco.ca](http://www.agco.ca)

## ORDER-IN-COUNCIL 1413/08

- Order-In-Council 1413/08 provides the legal authority for the AGCO and municipalities to issue lottery licences in Ontario
- Licenses may be issued to eligible charitable groups if the proceeds are used for a charitable object providing there is a direct benefit to the residents of Ontario





## Municipal Authority

- Regular Bingos (Max. \$5,500)
- Break Open Tickets
  - Where the tickets are sold within the municipality and are not conducted with another licensed gaming event
- Raffles (Max. \$50,000)
- Bazaars
- Media Bingos (Max. \$5,500)

## Registrar of the AGCO

- Special (Monster) Bingos (+\$5,500)
- Prov. Break Open Tickets
- Raffle (+\$50,000)
- Electronic Raffles
- “In conjunction” Events
- Social Gaming Events
- Progressive Bingos
- Unorganized Territories
- Fairs & Exhibitions

# INVESTIGATIONS OF UNLICENSED LOTTERY SCHEMES/CONTESTS

The AGCO and Municipalities are responsible for ensuring compliance of licensed charitable lottery events

Unlicensed lottery schemes – local police matter under authority of the Criminal Code

Promotional Contests – Competition Bureau (Competition Act) 1-800-348-5358



AGCO |  
A Lot and Some  
Drawn out of the Hat

# MUNICIPAL LICENSING RESPONSIBILITIES

- Conducting eligibility reviews of applicants and maintaining current core eligibility files
- Reviewing lottery applications, reports and financial statements
- Enforcing and ensuring compliance with any lottery licence that they issue
- Ensuring that proceeds applied for and raised are accounted for and used for the delivery of the licensee's charitable mandates



# AGCO RESPONSIBILITIES

- In addition to issuing provincial lottery licences, the AGCO also:
- Regulates the Gaming Industry that supplies goods and services to charities under the *Gaming Control Act, 1992*
- Establishes gaming licensing policies and standard terms and conditions for all lottery licensing for the Province. These policies are detailed in the *Lottery Licensing Policy Manual*
- Develops all prescribed application & report forms for charitable gaming

# PROVINCIAL ENFORCEMENT/COMPLIANCE

The Investigation & Enforcement Bureau of the AGCO will:

- Conduct investigations under the *Gaming Control Act* and the *Criminal Code of Canada*
- Assist municipalities/local enforcement agencies, as requested, in any investigation or audit of a licence
- Conduct audits of licensed organizations



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A Bold and Smart  
Determination

# SUSPENSION/CANCELLATION OF LOTTERY LICENSES

The *Order-In-Council* permits licensing authorities to suspend, revoke or cancel a lottery licence in the following circumstances:

- Where there has been a breach of any term or condition;
- Reasonable grounds to believe that the licensee will not conduct the lottery event in accordance with the law or with honesty and integrity;
- It's in the public interest to do so;
- Failure to submit financial reports related to the conduct of any lottery event.

# ELIGIBILITY FOR LOTTERY LICENSING

An organization must demonstrate to the licensing authority that they:

- Are a charitable or religious organization that provides charitable programs and services
- Provide a public benefit to the residents of Ontario
- Have been in existence and have had a history of providing services for at least a year
- Are not using proceeds as start-up funds for their organization
- Are legally, organizationally & financially separate from other organizations

*Eligibility*

*Criteria*



# ELIGIBILITY REQUIREMENTS



Any group applying for lottery licensing must provide the following:

- Constituting documents, including by-laws
- Detailed program descriptions
- Previous financial statement and current budget
- Current listing of Board of Directors
- Details of proposed use of lottery proceeds
- Any other documentation that would assist in determining eligibility

These documents must be kept up-to-date by Licensees to municipalities and/or the AGCO.

## Charitable Categories

- Relief of Poverty
- Advancement of Religion
- Advancement of Education
- Charitable Purposes Beneficial to the Community
  - Culture and Arts
  - Health and Welfare
  - Amateur Sports Organizations
  - Enhancement of Youth
  - Public Safety Programs
  - Community Service Organizations (Service Clubs)



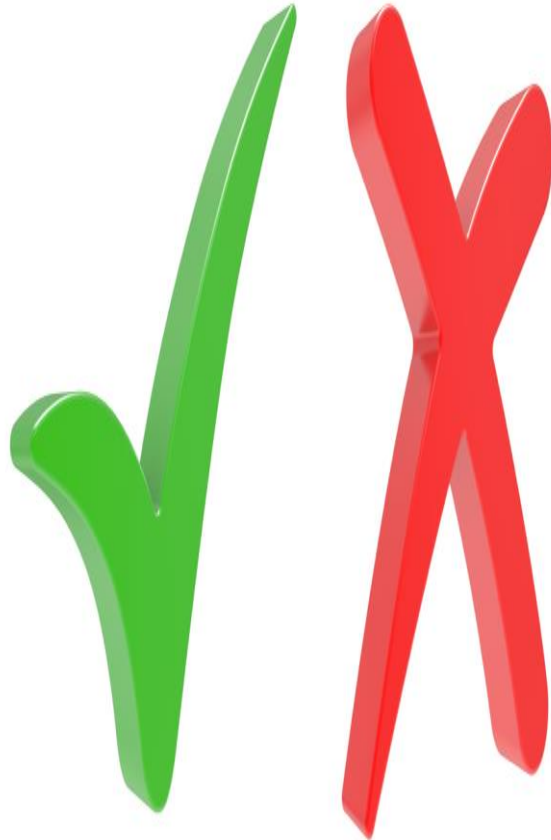
# INELIGIBLE ORGANIZATIONS

Organizations that would not be eligible for a lottery licence include :

- profit making entities
- those who do not have a charitable purpose
- organizations established for the purpose of adult recreation
- those established for the purpose of tourism or other activities that are economic in nature.
- sub-groups or auxiliaries of an eligible organization that already licensed
- Municipalities, their agencies or committees.
- Organizations established solely for the purpose of fundraising



# INELIGIBLE USES



Lottery proceeds cannot be used for:

- Administrative or operational costs that are not directly related to the carrying out of the organization's charitable mandate
- Fund-raising
- Political activities
- Core services & programs which are not charitable
- Construction & renovation of buildings that do not serve a charitable purpose and that are not owned by a non-profit charitable organization
- Donations to ineligible organizations
- Providing a personal benefit or gain
- Supporting tourism or other purely economic benefits



# RESPONSIBILITY OF LICENSEES

Licensees are responsible for the conduct and management of the lottery event under Section 207 (1)(b) of the Criminal Code. They are responsible for the following:

- Ensuring all eligibility and use of proceed documentation is submitted to the licensing authority
- Ensuring properly completed application forms, licence fees, lottery reports, financial statements and any other documentation required are submitted to the licensing authority in a timely manner

# TERMS AND CONDITIONS

## General Terms and Conditions:

- The licensee is responsible for the conduct & management of the event
- Must ensure that the lottery event is conducted in accordance with the information approved in the application
- The licensee shall comply with all laws



## CONDUCT OF THE EVENT



- No person involved in the conduct of the event may play games during the event
- Must establish rules of play approved by the licensing authority
- May only conduct lottery events that comply with the licensing policies set forth by the AGCO
- Must avoid conflict of interest situations - Cannot have a personal interest in the funds raised

# PRIZES AND EXPENSES

- Licensee shall award all prizes as approved in the application, regardless of whether the lottery event is profitable or not
- All expenses shall be deducted from the gross receipts
- Expenses shall be paid by cheque from the lottery trust account and supported by invoices, receipts
- Licensees shall comply with the expense limits established in the Terms and Conditions



## RAFFLE LOTTERY – CHAPTER 5 OF THE LLPM



- The different types of raffle schemes are usually identified by the method of determining the winner (prizes may consist of merchandise and/or cash)
- Raffle schemes where the outcome is not completely determined by chance or those determined by a mixture of chance and skill or by other factors may not be licensed or conducted
- As a raffle is a type of lottery, it must be licensed regardless of the size of the prize or whether it is open to the public in accordance with the *Criminal Code of Canada*

# RAFFLE LOTTERIES

## Licensable Schemes

- Stub Draws
- Elimination Draws
- Calendar Draws
- Rubber Duck Races
- 50/50 Draws
- Bossy Bingo/Cow Patty Bingo
- Meat Spins/Turkey Rolls
- Penny Auctions
- “Name That Raffle”
- “Golf Ball Drop”
- Catch the Ace
- Electronic Raffle – including 50/50’s
- Paddle Auction Raffles



## Non-Licensable Schemes

- Jalopy Dives
- Non-Fixed Value Draws
- Sports Pools
- Throwing a hockey puck/ball to a designated spot
- Guess the number of items in a container.
- Scratch and Win
- Raffles by “donation”



# CATCH THE ACE

## Information Bulletin #90

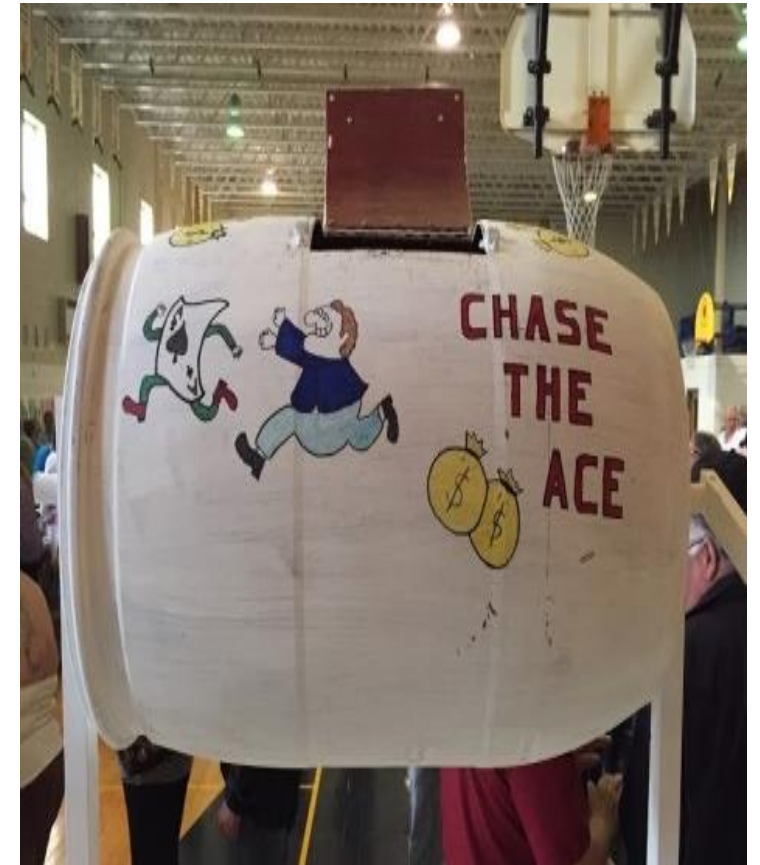
- Outlines where applications should go;
- Raffle sales can be conducted electronically and online;
- Special rules that must be followed for draw process;
- Reporting requirements – after every 4<sup>th</sup> event.

## Catch the Ace User Guide (Form 6045)

- Outlines eligibility documents for first time applicants;
- Details of Information Bulletin #90

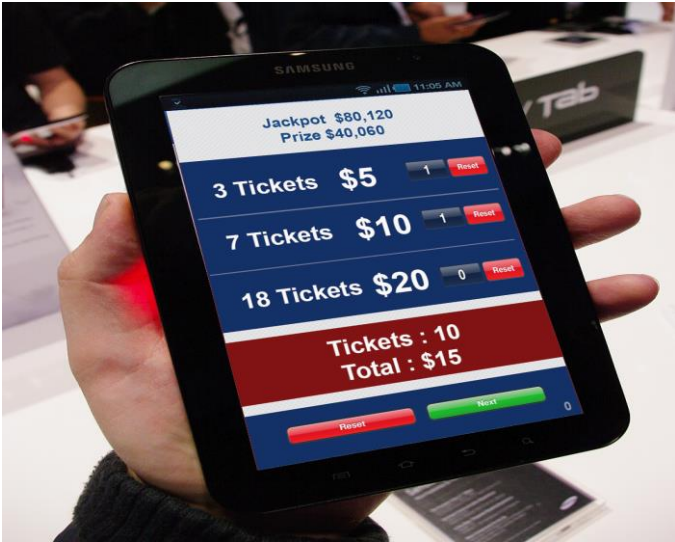
## Catch the Ace Raffle Report (Form 6044)

- Fillable form available online.



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Diversification

# ELECTRONIC RAFFLES



New framework launched on June 16, 2017.  
Supporting documents available on AGCO website include:

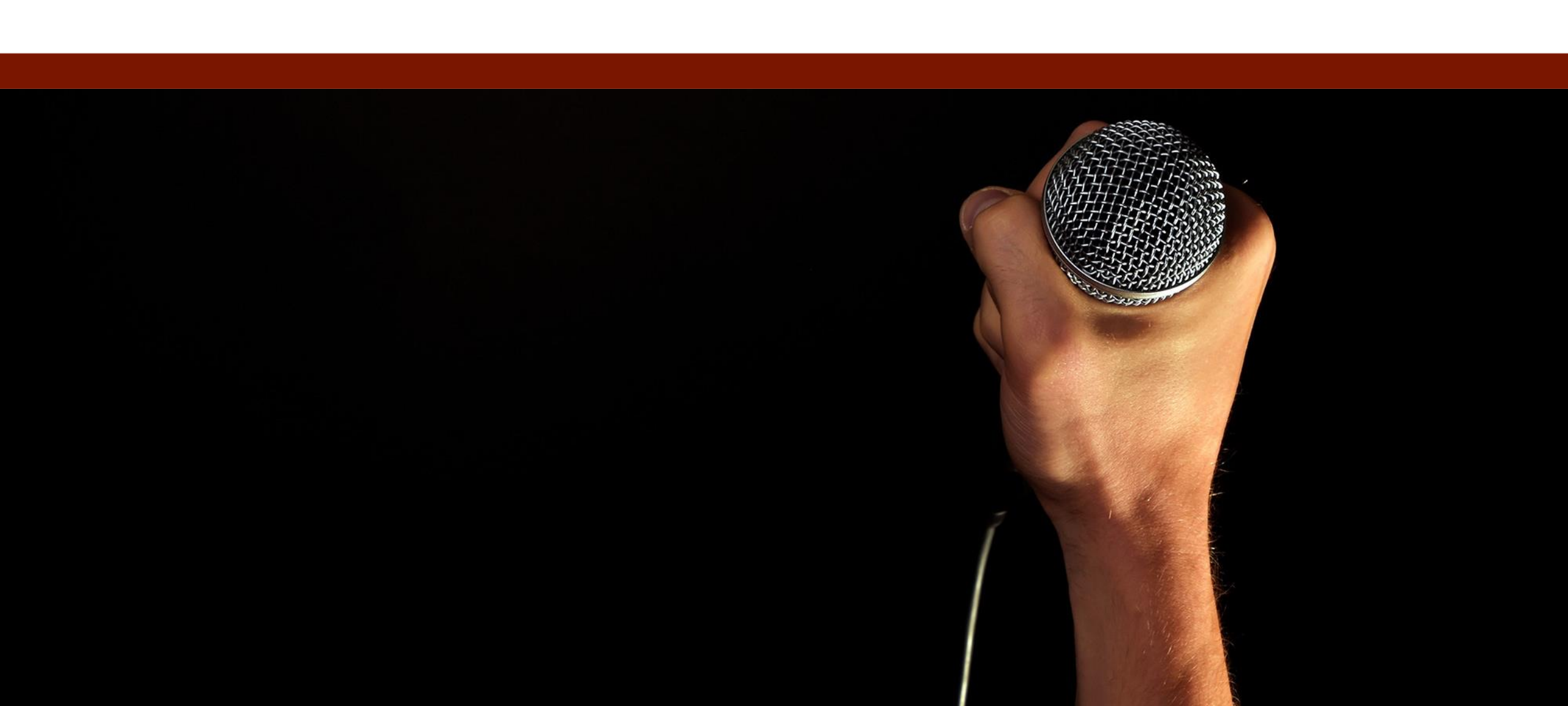
- Information Bulletin #89
- Findings Report and Consultation Paper
- Revised Lottery and Raffle Terms and Conditions
- New Electronic 50/50 Raffle Terms and Conditions
- Electronic Raffle user guide
- New Electronic Raffle report
- Notification Matrix and post-event compliance report



# AMENDMENTS TO LICENCES

## Extension of a draw date:

- Licensing authority may issue an amendment to a licence if it is in the public interest to do so
- Licensee must discuss the request with the licensing authority (they must receive prior written approval to extend the draw date)
- Licensee must contact all ticket purchasers informing them of their proposal to extend the draw date and receive signed and notarized disclaimers from all purchasers agreeing to the extension date before it may be approved



# Questions????



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Diverse and Profitable

**For More Information:**  
Visit the AGCO website at:

[www.agco.ca](http://www.agco.ca)

