

## Lottery Licence Terms and Conditions

These terms and conditions apply to all lottery licences issued under the authority of the *Criminal Code* (Canada). There are additional terms and conditions for each type of lottery scheme as well as Standards and Directives issued by the Registrar that must be followed.

### DEFINITIONS

**bingo hall** means a type of charitable gaming site where a charitable organization conducts and manages a lottery scheme under the authority of a licence issued by a municipality or by the Registrar.

**Board of Directors** means the individuals elected or appointed to manage the affairs of the licensee.

**bona fide member** means an active member of an eligible organization in good standing, who has activities within the organization beyond conducting lottery events. "Members of convenience" whose only activity is to assist at lottery events are not considered bona fide members.

**books and records** means documents outlining financial details of lottery events and includes but is not limited to, ledgers, sub-ledgers, chequebooks, cheque stubs, deposit books, deposit slips, bank statements, cancelled cheques, receipts, invoices and control sheets.

**charitable gaming site** means a gaming site where a charitable organization conducts and manages a lottery scheme under the authority of a licence issued by a municipality or by the Registrar.

**charitable organization** means a corporation, organization, association or partnership which is created primarily for a charitable object or purpose in Ontario, is operated not for profit, and includes a religious organization.

**consolidated designated trust account (CDTA)** means an account designated as a trust account by the branch of a recognized financial institution within the Province of Ontario into which are deposited by the Hall Charities Association the proceeds derived from events conducted and managed pursuant to lottery licences.

**designated lottery trust account** means an account designated as a trust account by the branch of a recognized financial institution within the Province of Ontario.

**Directive** means a directive prescribed by the Registrar to one or more licensees or gaming suppliers directing the licensee or supplier to act or to cease acting in the manner specified in the Directive.

**Gaming-Related Supplier** means a person who manufactures, provides, installs, tests, maintains or repairs gaming equipment or who provides consulting or similar services directly related to the playing of a lottery scheme or the operation of a gaming site.

**gaming site** means premises or an electronic channel maintained for the purpose of playing or operating a lottery scheme.

**Hall Charities Association (HCA)** means an association formed by all the licensees conducting bingo and other lotteries within a bingo hall.

**licence** means a licence issued to an eligible charitable organization under the *Criminal Code* (Canada) by or under the authority of the Lieutenant Governor in Council to conduct and manage a lottery scheme approved by the Registrar.

**licensee** means a charitable organization to which a licence is issued.

**licensing authority** means the authority specified by the Lieutenant Governor in Council as a licensing authority for the purposes of the *Criminal Code* (Canada).

**lottery** means a scheme for which a licence is available pursuant to s. 207(1)(b) of the *Criminal Code* (Canada).

**lottery event** means an event at which a lottery is conducted and managed by a licensee.

**Registrar** means the Registrar of Alcohol, Gaming and Racing.

**Standards** means standards prescribed by the Registrar for gaming equipment or for gaming services with which Gaming-Related Suppliers must comply. Standards also include standards prescribed by the Registrar with which licensees must comply.

**It is a condition of each licence that:**

**(1) CONDUCT AND MANAGEMENT**

**1.1** The licensee is responsible for and accountable for the overall conduct and management of the lottery.

**1.2 a)** The licensee must control and determine all operational, administrative and staffing requirements related to the conduct and management of the lottery.

**b)** The licensee must provide the required number of bona fide members prescribed by the Registrar to be in charge of and responsible for the conduct of the lottery on behalf of the licensee.

**c)** The designated members in charge must be at least 18 years of age and, on behalf of the licensee, be responsible for:

- i.** applying for the licence;
- ii.** supervising all activities related to the operation of the lottery;
- iii.** carrying out activities required for the conduct and management of the lottery;
- iv.** ensuring the completion and filing of the required reports;

**v.** ensuring that these Terms and Conditions of licences, the applicable terms and conditions prescribed by the Registrar for the specific type of lottery scheme, the Standards and Directives prescribed by the Registrar and any additional terms and conditions imposed by the licensing authority are complied with; and

**vi.** ensuring that all required books and records are kept and that all monies are deposited into the designated lottery trust account or consolidated designated trust account.

**1.3** The licensee must comply with all federal, provincial and municipal laws including the *Criminal Code* (Canada) and the *Gaming Control Act, 1992*.

**1.4** The licensee must conduct and manage the lottery and ensure that the lottery is operated in accordance with the information supplied on the application and approved on the licence.

**1.5** The licensee must pay all fees or other charges that are established or prescribed by the Registrar or established under the *Alcohol and Gaming Regulation and Public Protection Act, 1996* in such manner and time period specified.

**1.6** The licensee must ensure that all lottery events are conducted in accordance with these terms and conditions of licences, the applicable terms prescribed by the Registrar for the specific type of lottery scheme, the Standards and Directives prescribed by the Registrar and any additional terms and conditions imposed by the licensing authority.

**1.7** As prescribed by the Registrar, the licensee must ensure that the original licence is displayed at the premises where the lottery is being conducted.

**1.8** The licensee must conduct only those types of games approved in the application for licence.

**1.9** The licensee must ensure that no person directly involved in or responsible for the conduct of the lottery event or involved in the sale of bingo paper, break open tickets

or raffle tickets, as the case may be, purchases any bingo paper, break open tickets or raffle tickets, or participates in the game which he or she is assisting to conduct.

- 1.10 The licensee must not allow any person under the age of 18 to participate in any way as a player in any lottery event.
- 1.11 The licensee must ensure that no person is extended credit for any gaming activities. Except as may be permitted in the terms prescribed by the Registrar for a specific type of lottery or premises, the licensee must not accept credit cards, employer cheques or personal cheques.
- 1.12 The licensee must not allow any person who currently has a registration under the *Gaming Control Act, 1992* revoked, suspended or refused to participate in any way in the conduct, management or operation of the lottery event.
- 1.13 The licensee may exclude persons from participating in games of chance at its discretion.

## **(2) USE OF PROCEEDS**

- 2.1 The net proceeds derived from the conduct of the lottery must be used for the charitable or religious purposes in Ontario that were approved on the application for licence.
- 2.2 All prizes and permitted expenses incurred as a result of conducting the lottery must be deducted and paid out from the gross receipts derived from the lottery. Unless otherwise permitted by the Registrar, the licensee must not use monies from any other source to pay for expenses related to the lottery.
- 2.3 All expenses must be directly related to the conduct of the lottery except as may be otherwise prescribed by the Registrar.
- 2.4 The Registrar may prescribe the method by which expenses will be calculated based on the type of lottery being conducted.
- 2.5 Each expense must be individually calculated and paid in Canadian funds, drawn on

the designated lottery trust account. The licensee must pay separately each Gaming-Related Supplier registered under the *Gaming Control Act, 1992*.

## **(3) FINANCIAL MANAGEMENT AND ADMINISTRATION**

### **BOOKS AND RECORDS**

- 3.1 The licensee must maintain detailed records of the disbursement of all proceeds derived from the conduct and management of a lottery, including receipts for each expense incurred, and for the use of the proceeds for the purposes approved on the application.
- 3.2 The licensee must maintain books and records and other documents in support of all financial reports or statements. The books and records must be kept up to date and retained for no less than four (4) years from the latter of the date of the lottery event or until the date on which all proceeds have been expended for the purposes approved on the application.
- 3.3 The licensee must:
  - a) provide unencumbered access to the licensee's books and records and other documents including but not limited to, those related to the conduct and management of a lottery within the bingo hall, the use of proceeds from a lottery and the licensee's non-lottery accounts to persons appointed by a licensing authority and to all peace officers; and
  - b) deliver to a licensing authority within the time period specified by the licensing authority the licensee's books and records and other documents described in (a) and such other materials as required by the licensing authority for inspection, audit and investigation purposes.
- 3.4 The licensee must hold all proceeds from the conduct and management of the lottery in trust.
- 3.5 In order to administer all proceeds from the lottery in accordance with the terms and conditions of licences, the applicable terms and conditions prescribed by the

Registrar for the specific type of lottery scheme and any additional terms and conditions imposed by the licensing authority, the licensee must:

- a) open and maintain a designated lottery trust account with cheque writing privileges and monthly statements issued;
- b) ensure that the designated lottery trust account includes either the return of all cheques with the monthly statements or the return of electronically scanned images of the front and back of each cancelled cheque with the monthly statements;
- c) ensure that its designated lottery trust account requires that all cheques or withdrawals have the signatures of at least two (2) bona fide members of the licensee;
- d) deposit all proceeds from the lottery, other than any prizes paid to players during the lottery event, into the designated lottery trust account as soon as practicable; and
- e) use any interest that accrues in the designated lottery trust account for the charitable purposes approved in the application for licence, unless otherwise authorized by the Registrar.

### REPORTING REQUIREMENTS

- 3.6 The licensee must provide a licensing authority with a financial report outlining the results of the lottery event it has conducted and managed in the prescribed form.
- 3.7 The licensee must ensure that all required reports are prepared within the time period prescribed by the Registrar.
- 3.8 The licensee must provide to each licensing authority that issued it a licence or authorization, within the time period specified:
  - a) financial statements prepared in accordance with the Standards prescribed by the Registrar; and
  - b) a summary of the licensee's compliance with these terms and

conditions, the applicable terms and conditions prescribed by the Registrar for the specific type of lottery scheme, the Standards and Directives prescribed by the Registrar and any additional terms and conditions imposed by the licensing authority.

- 3.9 All documents required by Section 3.8 must be reviewed and approved by the licensee's Board of Directors prior to filing with the licensing authorities.
- 3.10 A licensee that receives:
  - a) less than \$250,000 in gross annual revenues from all sources must prepare financial statements in accordance with the standards set out in the *CICA Handbook*;
  - b) \$250,000 or more in gross annual revenues from all sources must prepare financial statements in accordance with the standards set out in the *CICA Handbook* which have been audited by a public accountant.
- 3.11 The licensee must provide to a licensing authority within the time period specified by the licensing authority, any information, materials, financial statements, audited financial statements, review engagement reports and compliance reports as the licensing authority may require.
- 3.12 The licensee may use proceeds from the lottery to pay the expenses of the financial statements and reports required by this section, with the prior approval of the licensing authority.

### SECURITY FOR PAYMENT OF PRIZES

- 3.13 The licensing authority may require licensees to provide security to ensure the payment of all proposed prizes, including in the form of a certified cheque, bank draft, money order or an irrevocable standby letter of credit drawn on a Canadian chartered bank payable to the licensing authority and which expires no sooner than 45 days after the last day of the lottery event specified in the licence.
- 3.14 For fixed prize values of \$10,000 or more, the security must be an irrevocable

standby letter of credit drawn on a Canadian chartered bank, payable to the licensing authority and which expires no sooner than 45 days after the last day of the lottery event specified in the licence.

- 3.15** The security must be held by the licensing authority until such time as the licensing authority is satisfied that the lottery event has been completed and that all prizes have been paid or awarded.
- 3.16** Where the licensee refuses or fails to pay out prizes to winners at a lottery event, the licensing authority must realize on the licensee's security and use the proceeds to pay the prizes to the winners.
- 3.17** Where a prize is not claimed by a winner within a reasonable period of time and, where in the opinion of the licensing authority all reasonable attempts have been made by the licensee to contact the winner, the unclaimed prize must be held in trust by the licensee for a period not less than six (6) months from the date the prize was awarded. At the end of the six-month period, the total amount of the prize held in trust, including interest, must be included by the licensee in the gross proceeds of the lottery event.