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City of London Strategic Priorities and Policy Committee
c/o Linda Rowe – City Clerk London
300 Dufferin Avenue
London Ontario
PO BOX 5035
N6A 4L9

Jake Pastore
*Director, Municipal &
Community Relations*

4120 Yonge Street
Suite 500
Toronto, Ontario M2P 2B8

4120, rue Yonge
Bureau 500
Toronto (Ontario)
M2P 2B8

Tel. (416) 224-7047
Fax (416) 224-7002

www.OLG.ca

Strategic Priorities and Policy Committee,

On December 11, 2017, when your committee met regarding the proposed casino expansion with representatives from Gateway Casinos and Entertainment Limited (Gateway) and Ontario Lottery and Gaming Corporation (OLG), there was a request for more information. Please find OLG's responses below.

Q. What is the operating process between OLG and Gateway? What was the service agreement?

A. In May 2017, OLG signed a 20-year Casino Operating and Services Agreement (COSA) with Gateway Casinos & Entertainment Limited (Gateway). Under the agreement, Gateway took over day-to-day operations and the assets of the Southwest Gaming Bundle.

The Southwest Gaming Bundle includes:

- OLG Slots at Western Fair District
- OLG Slots at Clinton Raceway
- OLG Slots at Dresden Raceway
- OLG Slots at Hanover Raceway
- OLG Slots at Woodstock Raceway
- OLG Casino Point Edward

While Gateway is responsible for the day-to-day gaming operations in the bundle, OLG continues to:

- Provide strategic oversight of the Gaming Bundle and Ontario gaming marketplace—including approvals related to material changes to the business
- Conduct and manage gaming in the bundle
- Require compliance with applicable laws, regulations and standards
- Be the owner of key player information
- Require the Service Provider to uphold the high standards of OLG's Responsible Gambling ("RG") program, including the self-exclusion program
- Make Municipality Contribution Agreement payments to host communities.

OLG will continue to “conduct and manage” gaming in Ontario on behalf of the Crown in accordance with the Criminal Code of Canada. In essence, OLG will continue to be the operating mind behind the delivery of gaming across the Province.

The Service Provider (Gateway in this case) has been appointed by OLG to operate the casinos in the Southwest Gaming Bundle.

Q. Who decides on the size of the casino? What authority does the municipality have?

- A. The contract between OLG and the Service Provider (Gateway) prescribes the maximum number of electronic gaming positions and the maximum number of live table gaming positions that Gateway is permitted to operate in each gaming zone. The maximum positions are intended to enable future growth in the market based on customer demand. Generally, the maximum positions are higher than the existing product base. These maximum amounts were established by OLG to ensure gaming balance across the Province and were derived from OLG’s market analysis, taking into account existing product and customer demand, population and general location of gaming sites.

Notwithstanding these prescribed maximum amounts, prior to establishing a new casino site or adding live table games to an existing casino site that does not already have live table games, approval must be obtained from the Minister of Finance (“Minister”) in accordance with Regulation 81/12 of the *Ontario Lottery and Gaming Corporation Act*.

In order to obtain the requisite Regulation 81/12 approval, OLG prepares a business case for the Minister that sets out such matters as viability, costs, adequacy of Responsible Gambling and compliance with applicable law and other matters regarding the proposed new casino.

Before the Minister is able to consider such a request, the municipality must pass (at its discretion) a Council Resolution supporting the establishment of the gaming site in the municipality and provide such Resolution to OLG, accompanied by a description of the steps the municipality took to seek public input and a summary of the public input received. Upon receipt of municipal approval, the Service Provider is required to submit additional information to OLG, including architectural drawings and plans and physical layout (including floor plans) for the new or expanded casino.

Q. What is OLG’s approach to Anti Money Laundering (AML)?

A. OLG AML COMPLIANCE PROGRAM

General

OLG has an AML Compliance Program in place for all gaming sites in Ontario so as to adhere to its federal and provincial regulatory requirements. OLG’s AML Compliance Program includes mandatory AML policies, procedures and training for gaming sites, OLG monitoring of the operation of OLG’s AML policies and procedures at gaming sites, and OLG analyzing customer transactions and submitting required reports to the Financial Transactions and Reports Analysis Centre of Canada - FINTRAC.

Key Stakeholders & Roles

OLG's AML Unit is led by the Director, Anti-Money Laundering. This Unit is responsible for the AML Compliance Program and applies a risk-based approach to the oversight and analysis of sites operated by OLG or Service Providers and their AML reporting requirements. OLG continually reviews the efficacy of its AML Compliance Program and monitors developments in other Canadian jurisdictions to incorporate evolving best practices. OLG's AML Unit reports to the Vice President of Compliance, who in turn, reports to OLG's Chief Compliance Officer.

Operators, be they OLG or Service Providers, manage the day-to-day operations of casino properties. Operators develop and manage the customer relationship and represent the first line of defense in identifying and reporting potential suspicious transactions. OLG requires that gaming site operators meet all regulatory requirements set out in the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and as required by the regulators FINTRAC and the AGCO. As Service Providers take over the operation of modernized gaming sites in Ontario, OLG requires them to comply with our AML Compliance Program.

OPP Casino Enforcement Unit officers are regularly on site at many Ontario casinos. OLG and its Service Providers provide relevant information on suspicious behaviour to the OPP Unit including copies of any suspicious transaction reports.

Q. Council would like to see more information on the relationship with OLG and Gateway. They need to understand more of what this is before they decide.

A. Please see response in Q1 above.

Q. Council would like to see a business case, on the results of a broader public consultation.

A. Public consultation will take place by the City as a requirement of Regulation 81/12 approval. Current and potential host municipalities have full discretion to size and scope their public consultation as they see fit, commensurate with local preferences. Gateway may provide more detailed information on consultations that they have undertaken as a part of any future re-zoning process in the community.

Q. Council wants to see a concept of all this coming together (Gateway's presentation and OLG's Responsible Gambling). Want to see anticipated numbers, a general economic impact, social impact etc.

A. Gambling is an activity that has the potential to result in problem behaviour for a small portion of the population. Approximately 1.2 per cent of adults in Ontario have a severe or moderate gambling problem. OLG seeks to prevent problem gambling from occurring in the first place, and to provide a bridge to assistance for those who need it. OLG needs a sustainable player base, which means working to broaden its appeal to a large number of casual players who engage in healthy play – not a small number of problem players.

OLG takes its Responsible Gambling programming seriously. With nearly \$57 million spent annually on research, prevention, and treatment, Ontario dedicates more funding to Responsible Gambling (RG) than any other jurisdiction in North America. Part of these costs support OLG's research program which reflects OLG's continued commitment to enhancing the RG sector's capacity for evidence-based policy and program development, program evaluation, and decision making. OLG is committed to creating strong direct links and ongoing communications between research, policy and design. This is evidenced through OLG's efforts to research, evaluate, and continuously improve its RG program, in collaboration with independent and academic researchers, industry partners, independent agencies within the responsible gambling field, and Service Providers.

OLG's relationships with communities and municipalities represent a key way of meeting OLG's obligation to the public of Ontario and meeting the expectation that OLG conducts and manages lotteries, casinos and slots facilities and Charitable Gaming Centres in a responsible manner. OLG's treatment referral strategy and programs rely on strong relationships with support services in local communities, including problem gambling and credit counsellors. OLG continues to broaden and deepen its engagement with stakeholders from this sector, which enhances our ability to communicate information about our RG program and also to engage in a dialogue with local experts on the effectiveness of our programming and how we can continue to meet the changing needs of local communities.

OLG's Social Responsibility team members also engage with a diverse range of local community groups beyond the treatment provider and credit counselling sector on an ongoing basis in response to requests for information in the form of meetings, briefings, ad hoc focus groups and advisory panel sessions that all facilitate exchange of information. OLG uses these opportunities to share information about its responsible gambling program and also to seek collaborative ways to implement relevant RG programming.

All of OLG's gaming sites have Responsible Gambling features, including:

- PlaySmart Centres independently operated by the Responsible Gambling Council that provide information, assistance and referrals to players;
- Mandatory training provided by the Centre for Addiction and Mental Health to all front line and management staff that focuses on recognizing potential problem gambling behaviours and knowing how to respond to them; and
- A Self-Exclusion program with facial recognition technology, loyalty card alerts, and prize disenfranchisement.

In 2016, OLG launched PlaySmart, Ontario's most comprehensive gambling education program that provides facts, tools, and advice about gambling in Ontario. As part of the PlaySmart program, OLG has introduced My PlaySmart Tools, a personal customized budget tracking tool that allow customers to track their daily slot machine play by setting budgets on the amount of time and money they want to spend. The objective of this initiative is to encourage controlled, safe and sustainable play as part of the customer experience and will be accessible for all customers at all Gaming Sites in Ontario.

OLG is developing a PlaySmart Risk Analytics program that aims to identify and segment the player population according to risk in order to reduce the at-risk player population and promote a sustainable player base and support new player education initiatives. The program is based on applying statistical models based on play behaviours to identify at risk players and to provide those players with appropriate support tools and referrals to support services.

Responsible Gambling is, and will continue to be, a key focus of OLG's business. All gaming sites in Ontario have achieved RG Check accreditation, the most rigorous responsible gambling accreditation program in the world based on a comprehensive set of RG standards. OLG is proud to have earned the highest level of certification from the World Lottery Association for its innovative Responsible Gambling program.

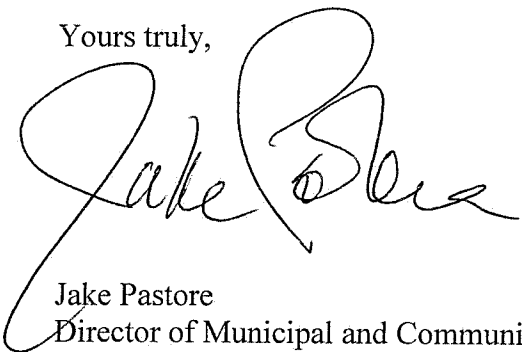
In addition to the above responses, one Councilor asked Gateway, who from the City attended a meeting in February 2017 (referenced in Gateway's presentation). OLG held a North and Southwest Regional Mayors' meeting in Toronto in February 2017, which was attended by a City of London representative. OLG and Gateway also met with the Mayor regarding its preliminary plans in February 2017. Prior to those meetings, OLG met with the Mayor in 2015 regarding its overall modernization plans and processes.

Please note OLG and Gateway also met with other city representatives on April 4, 2017. The following city representatives were invited and attended this meeting.

George Kotsifas, John Fleming, Michael Tomazincic, Adam Salton, Peter Kokkoros, Anna Lisa Barbon, Bill Warner, Edward Soldo and Kristen Pawelec

I hope these responses provide Council members with the information they requested. If there are any further questions, please do not hesitate to contact me.

Yours truly,



Jake Pastore
Director of Municipal and Community Relations, OLG

cc. Keith Andrews, Vice President Ontario Gaming Operations – Gateway Casinos