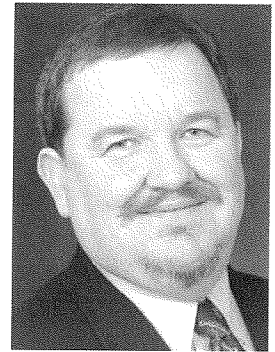


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**Province of
British Columbia**
Legislative Assembly



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Hon. Gordon Campbell
Room 156
Parliament Buildings
Victoria, BC
V8V 1X4

July 28, 2010

Dear Mr. Premier:

I am writing to you regarding serious problems in the BC Lottery Corporation (BCLC) and with the Minister responsible for overseeing it. More specifically, I am asking you to separate the Gaming Policy Enforcement Branch from the Ministry of Housing and Social Development, and place it in the Ministry of Public Safety and Solicitor General.

Numerous incidents involving the BCLC over the past number of weeks have demonstrated the Minister of Housing and Social Development's inability to effectively separate the competing responsibilities of both enforcing and promoting gambling in British Columbia. It is time to initiate changes that will begin to restore public confidence in the operations of the BCLC.

First, there was the news that the Ministry and the BCLC have failed to enforce the voluntary exclusion program for problem gamblers, the only substantive problem gambling program available through your government.

Then we learned that the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) fined the BCLC \$670,000 for over 1,000 violations of the Proceeds of Crime and Terrorist Financing Act. We know FINTRAC raised similar concerns in 2008, and that at that time the Chair of the BCLC assured British Columbians that these issues were being addressed. We now know this was not the case. Even more concerning is the fact that British Columbia is the only provincial jurisdiction in Canada to face these types of fines from the federal government.

The further debacle surrounding the online gambling initiative PlayNow.com is also very concerning. When the site launched, Minister Coleman told British Columbians that PlayNow.com would be sophisticated and secure, having the highest standards of protection for players. However, the site crashed on its first day of operation, compromising the personal information of at least 134 British Columbians. This is simply unacceptable.

The result of this mismanagement is a crisis of confidence in both the BCLC and the Ministry responsible for its oversight.

A full review of BCLC is warranted. However, an immediate first step is to end the conflict resulting from having both the BCLC and the Gaming Policy Enforcement Branch administered through one ministry. It is poor public policy for one Minister to have responsibility both for the promotion and the expansion of gambling and for oversight and enforcement in areas around problem gambling and the involvement of organized crime (through money laundering and loan-sharking activities, for example). This is borne out by the recent issues we have seen with BCLC and Gaming Policy Enforcement Branch, and their failures in these critical areas.

Unfortunately, Minister Coleman has defended this conflict as appropriate. He does not appear to grasp the problem with this situation, particularly following on the recent problems with the BCLC. Sadly, it is clear that Minister Coleman is not prepared to show leadership by initiating a change. Mr. Premier, I urge you to show the necessary leadership and to remove the Gaming Policy and Enforcement Branch from the Ministry of Housing and Social Development and place it in a more appropriate ministry, such as the Ministry of Public Safety and Solicitor General.

Further, the Gaming Policy and Enforcement Branch needs an allocation of resources to allow it to fulfill its obligations around security and problem gambling – obligations that are not being adequately addressed at present.

I would note that Solicitor General DeJong also raised concerns about the FINTRAC penalties and the potential issues there. I believe this reinforces the need for this separation of responsibilities. This separation would likely require the gaming grants function, currently administered through the Gaming Policy and Enforcement Branch, to remain with the Ministry of Housing and Social Development to have them properly administered.

While the BCLC is clearly generating significant revenue for the provincial government, it is failing on the social responsibility side of its operations. This is creating a significant challenge in the level of confidence the people of our province have in that operation. The Minister of Housing and Social Development does not appear to be able to meet that challenge, and it is time for you to intervene and take action. The first step must be resolving the conflict of gambling promotion and gambling oversight and enforcement directed by the same ministry.

Sincerely,

A handwritten signature in black ink, appearing to be 'Shane Simpson', with a long horizontal flourish extending to the right.

Shane Simpson,
MLA Vancouver-Hastings

SLS:rg
BCGEU

CC: Hon. Rich Coleman, Minister of Housing and Social Development