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Newfoundland and Labrador Regulation 2024

NEWFOUNDLAND AND LABRADOR REGULATION 32/24

Lottery Licensing Regulations (Amendment)
under the
Criminal Code
(O.C. 2024-075)

(Filed May 31, 2024)

Under the authority granted by the Lieutenant-Governor in Council by Minute in Council 1081-82 and subsection 207(2) of the *Criminal Code*, the Lieutenant-Governor in Council makes the following regulations.

Dated at St. John's, May 31, 2024.

Krista Quinlan
Clerk of the Executive Council

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NLR 1/02
as amended

1. (1) Paragraph 2(a) of the *Lottery Licensing Regulations* is amended by deleting the words "Department of Tourism, Culture and Recreation" and substituting the words "department responsible for sport".

(2) Paragraphs 2(b) and (c) of the regulations are repealed and the following substituted:

(b) "charitable or religious object or purpose" includes objects or purposes that

(i) promote the relief of

(A) poverty, or

(B) the consequences of poverty,

(ii) promote the advancement of education, including the advancement of literacy,

(iii) promote the advancement of religion, or

(iv) are for other charitable purposes beneficial to the community;

(c) "charitable or religious organization" means an organization having solely charitable or religious objects or purposes and which performs services solely for public good or welfare without direct or indirect profit or pecuniary gain to its members and includes the following:

(i) a charitable organization registered under the *Income Tax Act* (Canada),

(ii) a company incorporated for a charitable or religious object or purpose under the *Corporations Act*, and

(iii) an unincorporated organization, association or group that is formed for a charitable or religious object or purpose;

(3) Section 2 of the regulations is amended by adding immediately after paragraph (c) the following:

(c.1) "counterfoil" means an electronic record or paper ticket stub which will be manually drawn to determine a winner and contains a single draw number matching the draw number on a player's ticket purchased by the player;

(c.2) "department" means the department presided over by the minister;

(4) Paragraphs 2(d) and (e) of the regulations are repealed and the following substituted:

(d) "director" means the director of the division responsible for charitable lottery licensing;

(e) "division" means the division of the department responsible for the administration of charitable lottery licensing;

(5) Section 2 of the regulations is amended by adding immediately after paragraph (e) the following:

(e.1) "electronic gaming equipment" means any computer hardware or software used for the sale of a ticket, selection of a winner or distribution of a prize in an electronic ticket lottery;

(6) Paragraph 2(p) of the regulations is repealed and the following substituted:

(p) "purpose beneficial to the community" means an activity or benefit to the public or some significantly large section of it and includes

(i) amateur sport and recreation,

(ii) the promotion, advancement and preservation of the arts, culture and heritage,

(iii) youth and seniors activities, and

(iv) the enhancement of health and welfare and public safety; and

(7) Paragraph 2(q) of the regulations is amended by deleting the words "Department of Tourism, Culture and Recreation" and substituting the words "department responsible for recreation".

2. Section 3 of the regulations is repealed and the following substituted:

Issuing of licence

3. The division may issue a licence where

(a) the applicant

(i) is a charitable or religious organization and the proceeds of the lottery shall be expended on a charitable or religious object or purpose, or

(ii) is an incorporated non-profit organization raising funds solely for charitable or religious objects or purposes; and

(b) other licensing requirements have been met.

3. Section 4 of the regulations is amended by deleting the word "or" at the end of paragraph (b), deleting the period at the end of paragraph (c) and substituting a semi-colon and the word "or" and adding immediately after paragraph (c) the following:

(d) where the applicant no longer meets the requirements prescribed in section 3.

4. The regulations are amended by adding immediately after section 8 the following:

Policies and procedures

8.1 The director may establish policies and procedures related to the conduct, management and operation of a lottery scheme.

5. Subsection 9(1) of the regulations is repealed and the following substituted:

Exception

9. (1) Notwithstanding a term or condition prescribed in these regulations, the division may issue a licence to the Health Care Foundation to permit the conduct and management of a breakopen lottery scheme through hotels, motels, lounges and taverns which have been licensed under section 27 of the *Liquor Control Act* subject to a signed agreement between the Health Care Foundation and Hospitality Newfoundland and Labrador, providing this agreement contains elements of control, accountability and other relevant measures and is acceptable to the division.

6. Subsection 10(1) of the regulations is repealed and the following substituted:

Other schemes

10. (1) The division may license a lottery scheme other than a lottery scheme prescribed in sections 39 to 45.

7. Section 11 of the regulations is amended by

- (a) deleting the word "division" and substituting the word "director or division"; and
- (b) deleting the words "Trial Division" and substituting the words "Supreme Court".

8. Subsection 20(1) of the regulations is repealed and the following substituted:

Licensee's financial records

20. (1) A licensee shall maintain financial records that relate to the licensed lottery scheme.

9. (1) Section 22 of the regulations is amended by deleting the word "division" wherever it appears and substituting the word "director".

(2) Subsection 22(2) of the regulations is amended by deleting the words "the licence" and substituting the words "the licensee".

10. Section 23 of the regulations is amended by deleting the word "division" wherever it appears and substituting the word "director".

11. Section 25 of the regulations is amended by adding immediately after subsection (2) the following:

(3) Subsection (1) does not apply to electronic gaming equipment.

12. The regulations are amended by adding immediately after section 25 the following:

Use of electronic gaming equipment

25.1 (1) A licensee shall not use electronic gaming equipment to conduct, manage and operate an electronic ticket lottery unless the electronic gaming equipment complies with the policy for electronic gaming equipment established by the director.

(2) A licensee shall not install, move, maintain, modify or repair or permit the installation, movement, maintenance, modification or repair of the electronic gaming equipment referred to in subsection (1) without the director's approval.

(3) A licensee shall not permit a player to use electronic gaming equipment to participate in an electronic ticket lottery where the electronic gaming equipment has been altered in a way that could affect

(a) its integrity, safety, security or reporting capability; or

(b) the outcome or pay-out of the electronic ticket lottery.

13. Section 28 of the regulations is repealed and the following substituted:

Contracts or agreements

28. (1) A licensee shall not enter into a contract or agreement, written or verbal, implied or stated, for the supply or purchase of goods or services, unless the method of payment is pre-determined.

(2) Where the method of payment is percentage based, the percentage shall not exceed 15 percent of gross receipts.

(3) Notwithstanding subsection (2), the percentage in relation to ticket sales shall not exceed 20 percent of the ticket sales.

14. Section 35 of the regulations is repealed and the following substituted"

Licence period

35. (1) A licence period shall not exceed 12 months.

(2) Notwithstanding subsection (1), where a licence relates to a series of lottery events, the licence period shall not exceed 24 months.

15. Section 36 of the regulations is repealed and the following substituted:

Conduct, management and operation

36. (1) The conduct, management and operation of a lottery scheme shall be the responsibility of the licensee and shall not be delegated to another organization or person who is not a member of the

licensee's organization.

(2) A licensee may acquire assistance with the conduct, management and operation of a lottery scheme from a person who is not a member of the licensee's organization where that person is under the supervision of the licensee.

16. (1) Rule 1 of schedule A of the regulations is amended by

(a) deleting the amount "\$3,000" wherever it appears and substituting the amount "\$5,000"; and

(b) deleting the amount "\$1,500" wherever it appears and substituting the amount "\$2,500".

(2) Rule 11 of schedule A of the regulations is repealed and the following substituted:

11. Jackpots shall be paid out by licensees before the end of the licence period.

17. (1) Rule 2 of schedule C of the regulations is amended by

(a) deleting the amount "\$3,000" wherever it appears and substituting the amount "\$5,000"; and

(b) deleting the amount "\$1,500" wherever it appears and substituting the amount "\$2,500".

(2) Rule 11 of schedule C of the regulations is repealed and the following substituted:

11. Jackpots and claimed prizes shall be paid out before the end of the licence period.

18. Schedule D of the regulations is repealed and the following substituted:

SCHEDULE D

Rules for Ticket Lotteries

1. The total value of tickets sold for any one event shall not exceed 12 times the total retail value of the prizes.
2. For a ticket lottery to be approved there shall be a reasonable expectation of a 50% return after expenses to the licensee.
3. For a ticket lottery with a potential prize payout of \$100,000 or more a detailed business plan shall be submitted with the application detailing the following:
 - (a) advertising and marketing;
 - (b) details of the prize including whether the prize has been purchased or if on consignment;
 - (c) ticket distribution;
 - (d) staffing and salaries and commissions; and

(e) budget and projected profits.

4. All tickets shall be consecutively numbered.
5. Where the presence of the holder of a ticket is a required condition to win, this shall be stated on the ticket and participants shall be entitled to be present at the drawing without additional charge.
6. Discounted prices shall not be allowed for ticket sales unless there is a method that ensures financial accountability that has been approved by the division.
7. When a series of draws occurs according to a fixed schedule, i.e., a cash calendar, the ticket price can be reduced based upon the percentage of prize value remaining. Using the cash calendar as an example, each month, the ticket price can be reduced by 1/12th. The licensee shall state the discount procedure in the ticket rules.
8. Unsolicited tickets shall not be distributed to the public.
9. Ticket portions or shares shall not be offered for sale.
10. The value of the prize shall include the amount of any duty, taxes, sales taxes and other costs. Prizes shall be awarded free and clear of any mortgages, liens, or any other encumbrances.
11. The prize shall be awarded at the location of the draw, unless otherwise stated.
12. The prize shall be valued by a qualified independent third party if it is a collectible or antique prize purchased by or donated to the licensee.
13. The licensee may accept cheques or credit payments, and shall be responsible for ensuring that the proceeds from ticket sales are validated before the prize is awarded. If the proceeds cannot be verified for a winning ticket a subsequent draw shall take place to award the prize.
14. (1) A licensee may operate an early bird draw.

(2) An early bird draw shall not be held unless approved by the division and a minimum of 14 days is allotted to account for tickets before the draw takes place.

(3) A shorter period than that provided in subrule (2) may be approved by the division where a request is made in writing setting out the method that will be used to ensure accountability.

(4) The ticket shall indicate the cut-off date for an early bird draw.
15. Draw dates may be changed only on written approval of the division. Extensions shall not be granted after ticket sales have commenced.
16. The sequence of drawing to award prizes shall be announced before the commencement of the draw. All winning tickets shall not be returned for future draws unless otherwise stated by the licensee.
17. All ticket draws shall be conducted in the presence of 2 witnesses who shall sign a confirmation of their presence for each lottery event.
18. Where the winner is under 19 years of age, the licensee shall deliver the prize to the winner's legal guardian.
19. Winners of prizes shall be advised of the results of the draw by telephone, registered mail, email or in person. The notice shall indicate how the prize is to be claimed. Prizes shall be distributed to the winning ticket holders as soon as possible after the date of the ticket draw.
20. For prizes over \$500, the licensee shall publish and submit along with the financial report, the winning numbers, names and addresses of the winners of prizes.

21. Where a prize is over \$500 and is not claimed within 60 days of the draw, another draw shall be made. Where the prize is again unclaimed, a subsequent draw shall be made within 30 days. Unclaimed prizes after this, including unclaimed prizes with a value of \$500 or less, shall be included in the net proceeds to be used for, or paid to the charitable or religious objects, as approved in the application.
22. All claimed prizes shall be paid out before the end of the licence period.
23. Only direct expenses required to operate the ticket lottery shall be deducted from gaming revenue.

Paper-Based Ticket Lotteries

24. Tickets shall be commercially printed where the prize value is greater than \$500.
25. (1) Each ticket shall consist of 2 sections, each severable from the other, and the section to be delivered to the purchaser shall contain the following:
 - (a) the name of licensee;
 - (b) the draw location and dates;
 - (c) the description, number and retail value of the prizes, whether donated or purchased;
 - (d) the ticket number;
 - (e) the total number of tickets printed;
 - (f) the selling price of the ticket;
 - (g) the licence number; and
 - (h) the name of the printer.
- (2) The section to be retained by the licensee shall contain the following:
 - (a) a place for the name, address, telephone number and email address of the purchaser;
 - (b) the ticket number; and
 - (c) the licence number.
26. For ticket lotteries where tickets are sold and the draw is conducted on the same day at a single premises and the potential prize payout exceeds \$500, only paragraphs 25(1)(a), (d), (f), (g), (h) and 25(2)(b) shall be required.
27. For ticket lotteries where tickets are sold and the draw is conducted on the same day at a single premises, and the potential prize payout does not exceed \$500, only paragraphs 25(1)(d) and 25(2)(b) shall be required. Tickets shall be retained for a period of one week after the draw.
28. With the exception of ticket lotteries where tickets are sold and the draw is conducted on the same day at a single premises and the potential prize payout does not exceed \$500, a draft or hand drawn facsimile of the proposed ticket shall accompany the application and a true copy of the ticket for each series shall be forwarded immediately upon printing to the division.
29. The licensee shall retain all unsold tickets and stubs of sold tickets for a period of one year from the date of the last draw.
30. The licensee shall retain, as part of its gaming records, the purchase invoices for all tickets and the invoices shall specify the first and last of the sequential numbers of the tickets for each type of ticket.

Electronic Ticket Lotteries

31. The purchaser shall receive a ticket as a transaction record for one or more chances to win an electronic ticket lottery once payment has been processed.
32. Each electronically generated ticket shall contain the following:
 - (a) the name and email address of the licensee;
 - (b) the licence number;
 - (c) the draw location and date;
 - (d) the description, number and retail value of the prizes, whether donated or purchased;
 - (e) the ticket number;
 - (f) the total number of tickets available for purchase;
 - (g) the selling price of the ticket;
 - (h) the issue date and time in 24 hour format showing the hour and minute that the ticket was issued;
 - (i) a unique validation number or barcode; and
 - (j) information on where the draw results will be available.
33. For electronic ticket lotteries where tickets are sold and the draw is conducted on the same day at a single premises, the electronically generated ticket shall contain the following:
 - (a) the name and email address of the licensee;
 - (b) the licence number;
 - (c) the ticket number;
 - (d) the selling price of the ticket;
 - (e) the issue date and time in 24 hour format showing the hour and minute that the ticket was issued;
 - (f) a unique validation number or barcode;
 - (g) a raffle sales unit identifier from which the ticket was generated;
 - (h) a statement that the winner must have winning ticket to claim a prize; and
 - (i) the words "retain ticket until winner is confirmed".
34. The electronic gaming equipment shall generate a unique counterfoil for each ticket number. A counterfoil shall be printed or entered electronically according to the type of draw to be conducted. Printed counterfoils shall be the same size, shape and weight. All counterfoils must have an equal chance of being selected. A counterfoil shall contain the following:
 - (a) the name, email address and telephone number of the purchaser;
 - (b) the event identifier;

- (c) the licence number;
 - (d) the ticket number;
 - (e) the issue date and time in 24 hour format showing the hour and minute that the ticket was issued; and
 - (f) a unique validation number or barcode.
35. For electronic ticket lotteries where tickets are sold and the draw is conducted on the same day at a single premises the counterfoil shall contain the following:
- (a) the event identifier;
 - (b) the licence number;
 - (c) the ticket number;
 - (d) the issue date and time in 24 hour format showing the hour and minute that the ticket was issued;
 - (e) a raffle sales unit identifier from which the ticket was generated; and
 - (f) a unique validation number or barcode.
36. Multiple tickets may be sold for a discounted price. A unique group number shall be printed on each discounted ticket, corresponding to the price group from which the discounted ticket was purchased.
37. Where a series of electronic ticket lotteries is conducted under a single licence, tickets for each ticket draw shall be differentiated from the other tickets used in the series.
38. Where a series of electronic ticket draws are conducted on the same day at a single premises, the tickets sold for each draw shall be uniquely identifiable from tickets sold for other draws conducted on the same day.
39. Results of the electronic ticket lottery become official and final after the winning ticket is verified by the licensee. The electronic gaming equipment shall display the winning ticket number on all capable display devices intended to be viewed by participants.
40. The licensee shall maintain a report that reconciles all electronic ticket sales including sold, unsold and voided tickets for the electronic ticket lottery purchase period, for a period of one year from the date of the last draw.

19. Schedule E of the regulations is amended by adding immediately after rule 11 the following:

12. All claimed prizes shall be paid out before the end of the licence period.

20. Schedule F of the regulations is amended by adding immediately after rule 19 the following:

20. All claimed prizes shall be paid out before the end of the licence period.

21. (1) Schedule G of the regulations is amended by adding immediately after rule 5 the following:

5.1 All claimed prizes shall be paid out before the end of the licence period.

(2) Rule 14(f) of Schedule G of the regulations is repealed and the following substituted:

(f) a place for the name, address, telephone number and email address of the purchaser;

(3) Rule 15 of Schedule G of the regulations is repealed and the following substituted:

15. Winners of prizes shall be notified of the results of the pool by telephone, registered mail, email or in person.

Transitional

22. A licence that was issued or an application that was submitted before the coming into force of these regulations shall be subject to the regulations as they existed before the coming into force of these regulations.

Commencement

23. These regulations come into force on July 2, 2024.

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