



STANDARDS FOR SUPPLIERS OF GOODS AND SERVICES: BREAK OPEN TICKETS

DECEMBER 2015

Alcohol and Gaming Commission of Ontario

90 SHEPPARD AVE E - SUITE 200

TORONTO ON M2N 0A4

Tel.: 416 326-8700 or 1 800 522-2876 toll free in Ontario

Fax: 416 326-8711

Website: www.agco.on.ca

Definitions

break open ticket (BOT): game piece which is made of cardboard, has one or more perforated window tabs behind which are winning and losing numbers or symbols and which must be revealed by the tearing off of a covering tab.

break open ticket dispenser: an electrical or mechanical device used to dispense break open tickets.

deal: each separate game or series of break open tickets with the same serial number.

Gaming-Related Supplier: a person registered under the *Gaming Control Act, 1992* and its Regulations to manufacture, provide, install, test, maintain or repair gaming equipment or to provide consulting or similar services directly related to the playing of a lottery scheme or the operation of a gaming site. "Manufacturer" includes any person involved in the production of break open tickets but does not include a person who solely imprints licence numbers and charity identification on the finished product. Where more than one (1) person is involved in the production of the tickets, any and all persons who are involved in the printing, cutting and gluing of the tickets are considered to be manufacturers for the purpose of these standards.

Registrar: means the Registrar of Alcohol and Gaming.

review engagement report: a public accountant's report on financial statements that has been prepared and issued in accordance with sections 8100 and 8200 of the *CICA Handbook*; "General Review Standards" and "Review of Financial Statements," respectively.

Seller: someone who is permitted to sell break open tickets on behalf of a licensed charitable or religious organization. A Seller can be registered to sell break open tickets at one or more locations.

Opacity

1. **(1)** Break open tickets (“BOTs”) must be constructed so that concealed numbers or symbols cannot be viewed or determined from the outside of the BOT using a high-intensity lamp of up to and including 500 watts, with or without using a focusing lens.
- (2)** Protection must be provided by using opaque paper stock or by use of an aluminum foil laminate.

Randomization

2. **(1)** Winning BOTs must be distributed and mixed among all other BOTs in a deal so as to eliminate any pattern between deals, or portions of deals, from which the location or approximate location of any winning BOT may be determined.
- (2)** The BOT deal must be assembled so that no placement of winning or losing BOTs exists that allows the possibility of prize manipulation or “pick out.”

Minimum Information

3. The minimum information printed on a BOT must include:
 - (1)** the name of the manufacturer;
 - (2)** the name of the game;
 - (3)** the manufacturer’s form number;
 - (4)** the price per individual BOT;
 - (5)** serial number which is a minimum of five (5) digits;
 - (6)** the number of winners, and respective winning numbers or symbols, and prize amounts; and
 - (7)** the charity’s full or abbreviated name and licence number.

Game Construction Standard

4.
 - (1) The deal must be designed, constructed, glued and assembled in such a manner as to prevent the determination of a winning ticket without removing the tabs or otherwise uncovering the symbols or numbers.
 - (2) Each ticket in a deal must bear the same serial number.
 - (3) There must not be more than one (1) serial number in one (1) deal.
 - (4) The numbers or symbols must be fully visible in the window and must be centred so that no part of a symbol or number remains covered when the tab is removed.
 - (5) Displacement of the symbols to the left or right in a window is allowed for increased game security.
5.
 - (1) The window slits on each BOT must be perforated on the three (3) cut sides.
 - (2) All BOTs must be glued on all four (4) edges and between each window.
 - (3) The glue must be of sufficient strength and type so as to prevent the undetectable separation or delamination of the BOT.

Guillotine Cutting Variations

6. It must not be possible to isolate winning BOTs from variations in size or the appearance of a cut edge of the BOT comprising a particular game.

Colour or Printing Variations

7. It must not be possible to detect or pick out winning BOTs through variations in printing, graphics or colours.

Security Symbols

8. A unique symbol or printed security device, such as a specific number keyed to particular winners, or the name of the symbol or some of the symbol colours changed for a winner, or other similar protection must be placed in the winning windows.

Labelling

9. A deal's serial number, style name, form number, and name of manufacturing company must be clearly and legibly placed on the outside of the deal's packages or boxes.

Break Open Ticket Dispenser

10. A BOT dispenser must not be used unless it has been approved by the Registrar.
11. A registered Gaming-Related Supplier must not permit the installation or use of an approved BOT dispenser except in accordance with the approval.
12. In determining whether to approve a BOT dispenser, the Registrar will have regard to the equipment's suitability for use in relation to design and integrity.
13. The Registrar may approve, without testing, BOT dispensers that have been approved in another jurisdiction where gaming is legal.
14. A registered Gaming-Related Supplier must not modify a BOT dispenser unless the Registrar has given prior written approval.
15. A registered Gaming-Related Supplier seeking approval of a BOT dispenser or any modification to a BOT dispenser must pay any costs incurred in having it examined.

Duties of Manufacturer of BOTs

16. Each registered Gaming-Related Supplier who is a manufacturer of BOTs (the "manufacturer") must ensure that all BOTs sold comply with Sections 1 to 9 of these standards.

- 17. (1)** The manufacturer must develop internal control procedures that enable it to track BOT deals from the point of manufacture to the point of transfer of ownership to a registered Gaming-Related Supplier of equipment/services, or to a licensed charity.
- (2)** At minimum, the manufacturer must maintain the following records and information:
- a) copies of all purchase orders for BOTs;
 - b) copies of shipping documents verifying shipments of BOTs and invoices;
 - c) description (name of game) sold;
 - d) number of BOT deals sold by serial number;
 - e) date BOT deals sold;
 - f) name and address of registered supplier or licensed charity purchasing BOTs; and
 - g) copy of charity's licence when supplied directly to a licensee.
- (3)** The manufacturer must file with the Registrar a review engagement report and current financial statements upon renewal of its registration(s).

Duties of Gaming-Related Supplier of Equipment

- 18.** Each registered Gaming-Related Supplier of BOTs (the "gaming equipment supplier") must ensure that all BOTs sold comply with Sections 1 to 9 of these standards.
- 19. (1)** The gaming equipment supplier must develop internal control procedures to track the BOT deals sold to their customers and account for all BOT deals purchased, sold or in inventory.
- (2)** At minimum, the following information must be recorded on a monthly basis:
- a) purchasing information, including:
 - i) ticket type and style name;
 - ii) number of BOT deals purchased by serial number;

- iii) date of purchase;
 - iv) invoice number of the deals; and
 - v) name and address of the manufacturer or gaming equipment supplier from whom the BOTs were purchased.
- b) inventory information, including:
- i) ticket type and style name;
 - ii) serial number of the deals;
 - iii) date and quantity of BOT deals that were placed in, withdrawn from and on hand in inventory;
 - iv) name of individual withdrawing BOT deals from inventory; and
 - v) any variance between quantities listed in inventory records and physical counts of inventory, and reasons for the variance.
- c) sales information, including:
- i) ticket type and style name;
 - ii) number of BOT deals sold by serial number;
 - iii) date BOT deals sold;
 - iv) invoice number of the deals sold;
 - v) name and address of registered supplier, bingo hall owner or operator, or licensed charity purchasing BOTs; and
 - vi) copy of charity's licence.
- (3)** The gaming equipment supplier must file with the Registrar a review engagement report and current financial statements upon each renewal of its registration(s).

Gaming–Related Supplier of Services

- 20.** Each registered Gaming-Related Supplier (the “gaming services supplier”) who provides management services to licensed charities that use BOTs for fundraising, must, at minimum:
- (1)** ensure that all BOTs sold comply with Sections 1 to 9 of these standards before they are provided to licensed charities, registered Sellers of BOTS or Operators of bingo halls;
 - (2)** ensure that a written contract exists between the licensed charity and the BOT seller which may be terminated by either party by written notice no later than 90 calendar days prior to the expiry date of the licence, to be effective upon the expiry of the licence, or forthwith if the charity’s licence or the BOT Seller’s registration is revoked or suspended;
 - (3)** ensure that the written contract referred to in paragraph (2) contains a provision that in the event of a change in the licensed organization whose BOTs are sold by a particular BOT seller, the BOT Seller must first pay all outstanding revenues to the previous charity prior to commencing sales on behalf of the new charity;
 - (4)** ensure that, in the event that the charity is changed as described in paragraph (3), the gaming services supplier provides the previous charity with a full reconciliation;
 - (5)** ensure that the BOT Seller is in compliance with the requirements of Sections 21 and 22 of these standards and with the charity’s terms and conditions of its licence;
 - (6)** record, at minimum, the following information and report to the licensed charity on the same on a monthly basis:
 - i) the names, addresses and registration number of all BOT Sellers which the gaming services supplier manages on behalf of the charity;
 - ii) number of BOT deals sold by each BOT Seller by serial number and ticket type and style name;
 - iii) number of deals in inventory at each BOT Seller location.
 - (7)** file with the Registrar a review engagement report and current financial statements upon the renewal of its registration(s);
 - (8)** implement an internal control system which provides reasonable assurance that:

- a) financial records and reporting are accurate, reliable and prepared on a timely basis;
 - b) procedures are in place to track the BOT deals sold to their customers and account for all BOT deals purchased, sold or in inventory, including any shortages;
 - c) the potential for error and fraud is minimized;
 - d) functions, duties and responsibilities are appropriately segregated;
 - e) assets are safeguarded; and
 - f) efficient operations are promoted.
- (9)** Each gaming services supplier may be requested to have its internal control system reviewed by a licensed public accountant in relation to the criteria outlined in paragraph (8) and shall submit the accountant's report, which must identify whether appropriate procedures are in place to ensure that the internal control objectives outlined in paragraph (8) are met, and must outline any deficiencies, to the Registrar within three (3) months of the request.

Break Open Ticket Seller

21. Each registered Seller of BOTs must:

- (1)** record the quantity of deals sold by serial number and ticket type and style name;
- (2)** record the number of deals in inventory by serial number and ticket type and style name;
- (3)** pay the charity the net proceeds, minus any sales commissions, as permitted under the terms and conditions of the charity's licence, for all boxes delivered for sale within 30 calendar days of receipt;
- (4)** be responsible for all functions directly and indirectly related to or supporting the sale of BOTs at his/her/its location; and
- (5)** conduct a physical count of all BOT deals in inventory at a minimum on a monthly basis, and reconcile the physical count with the quantity listed in inventory records.

22. The functions referred to in Section 21 must not be performed by a registered gaming assistant.

Timely Payment

23. All Gaming-Related Suppliers are required under the *Gaming Control Act* to conduct their businesses with honesty, integrity and financial responsibility.
24. If a registered Gaming-Related Supplier does not receive payment in full from an organization by the deadline identified in the written contract, the supplier must notify the organization and the Registrar of the Alcohol and Gaming Commission of Ontario in writing of the delinquency.
25. If a registered Gaming-Related Supplier who has notified the organization and the Registrar of the Alcohol and Gaming Commission of Ontario under Section 24 has not received payment in full from the organization within 30 calendar days of the above notification, the supplier must notify the Registrar of the Alcohol and Gaming Commission of Ontario of the continuing delinquency.