



Is your sales contest an illegal lottery?

Recent investigations have focused upon sales promotions offering prizes - in some cases substantial prizes - for participating customers.

The province's gaming officials, who licence, regulate and investigate casinos, horse racing and lotteries, have now focused upon the motor vehicle sales industry. A letter from the Gaming Policy and Enforcement Branch (GPEB) to the VSA, appended to this Bulletin, clearly states the rules.

Three components are essential to constitute a lottery:

1. a customer must pay something or buy something to become eligible;
2. there must be a prize or benefit offered; and,
3. the outcome must be clearly by chance.

Any promotion that scores on all three counts is a "lottery" under law and must be licensed by GPEB.

The VSA has recently investigated a dealership that offered a \$10,000 prize. All customers who bought a new or used vehicle became eligible and the winner was chosen by lot. Following the investigation, the dealer signed an "undertaking" and agreed to pay an Administrative Penalty.

Another pending case also had a maximum prize of \$10,000, if up to 35 more used cars were sold during the period. The prize would be lowered if there were fewer eligible entrants.



The letter from GPEB follows 2/.....

October 20th, 2010

To: Denis Savidan
Manager Compliance and Investigations
Motor Vehicle Sales Authority of British Columbia

Dear Mr. Savidan:

Re: Motor vehicle dealerships running unauthorized lottery schemes as sales promotions

Gaming Policy and Enforcement Branch is responsible for the overall integrity of gaming and horse racing in the Province of British Columbia, as outlined in Section 23 of the Gaming Control Act.

It has come to my attention that some Motor vehicle dealerships have run sales promotions that by definition would be considered an “unauthorized lottery scheme” under Section 88 of the B.C. Gaming Control Act.

All lottery schemes run in the Province of British Columbia must be licenced to be lawful.

Generally for an event to be considered a lottery scheme there must be three elements present;

- **“Consideration”** usually means participants must pay or exchange something of value to be eligible to participate.
- **“Prize”** includes money or anything of value; and
- **“Chance”** means the outcome is not pre-determined or determined solely by skill.

These elements are present in a promotion where participants are entered into a draw when they purchase a vehicle (consideration); they are eligible to win a cash prize (prize) based on a random draw (chance).

Any promotion that does not have all three elements would not be considered a lottery scheme and is lawful. An example would be a promotion where the general public is free to enter, no purchase necessary.

Further information on gaming and lottery schemes can be found on our website
<http://www.eia.gov.bc.ca/gaming/licences/index.htm>

This correspondence is to advise you should any unauthorized lottery scheme be reported or publically advertised, Gaming Enforcement, Investigation and Regional Operations will investigate with a view to prosecution. You may wish to seek your own legal opinion on the interpretation of the law as it applies to gaming matters.

Sincerely;

William Mulcahy Director of Lottery Investigations
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Gaming Enforcement
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