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Ombudsman urges regulation of lotteries to restore trust, Province and OLG vow to act on recommendations

TORONTO (March 26, 2007) – Ontario Ombudsman André Marin today called on the provincial government to regulate its lottery system as it does other gaming activities, in the wake of his office’s special investigation into the problem of “insider” theft and fraud involving Ontario Lottery and Gaming Corporation ticket retailers.

In his report on the investigation, *A Game of Trust*, Mr. Marin says oversight of lotteries must be removed from the OLG because it is much too close to the retailers who are its partners in profit, and it has “coddled” them even in suspicious circumstances – to the point of paying out millions of dollars in questionable prize claims.

By contrast, customers who complained to the OLG about retailers’ behaviour were rarely taken seriously by a system that kept poor records and performed spotty investigative work. “The OLG had become fixated on profit rather than public service,” Mr. Marin says in the report. “It had come to define itself by its role as a cash cow.”

Although the OLG has taken some steps to improve consumer protection since the problem was exposed last fall, the investigation found it is still hampered by a corporate culture exemplified by an internal e-mail written by its CEO in response to concerns about suspicious wins by retailers: “Sometimes you hold your nose.”

Ombudsman investigators probed the now-famous case of Bob Edmonds, the 78-year-old man who was cheated out of a \$250,000 winning ticket by an unscrupulous retailer – and several other incidents of questionable retailer prize claims. The OLG knew full well it had a problem, notes Mr. Marin. It had even been told by a judge that it was failing its customers. Yet rather than crack down, it focused on a \$6-million “rebranding” and even considered relaxing its policy on insider wins.

In response to the report, the OLG and the Ministry of Public Infrastructure Renewal have told the Ombudsman they are committed to implementing all of his 23 recommendations – including establishing independent oversight of the lottery system and requiring retailers to face background checks and integrity testing.

Mr. Marin stopped short of recommending a ban on retailers playing lotteries, saying it would be unworkable and unfair. However, he stressed that the OLG’s “touchy-feely” relationship with retailers has rendered it incapable of holding them to account. “The

OLG itself is an insider in the lottery scheme,” he says in the report. “It is in a position of inherent conflict, which must be addressed and minimized.”

New procedures recommended by Mr. Marin include a zero-tolerance policy for retailer dishonesty, an adjudicative process to deal with disputed prize claims, a retailer code of conduct and the use of “secret shoppers” to test their adherence to it.

The investigation is the first launched by Mr. Marin on his “own motion” rather than in response to an individual complaint; however, since the probe was announced on Oct. 26, 2006, the Ombudsman’s Office has received more than 400 complaints related to OLG.

A Game of Trust is the eighth published report of a Special Ombudsman Response Team investigation since Mr. Marin assumed his post in April 2005. Previous SORT investigations have resulted in reforms to the Municipal Property Assessment Corporation, improved disease screening for newborn babies, better services for special-needs children and the disabled, and last month’s promised overhaul of the Criminal Injuries Compensation Board.

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Full report and backgrounders can be found online at www.ombudsman.on.ca

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