

Good Causes

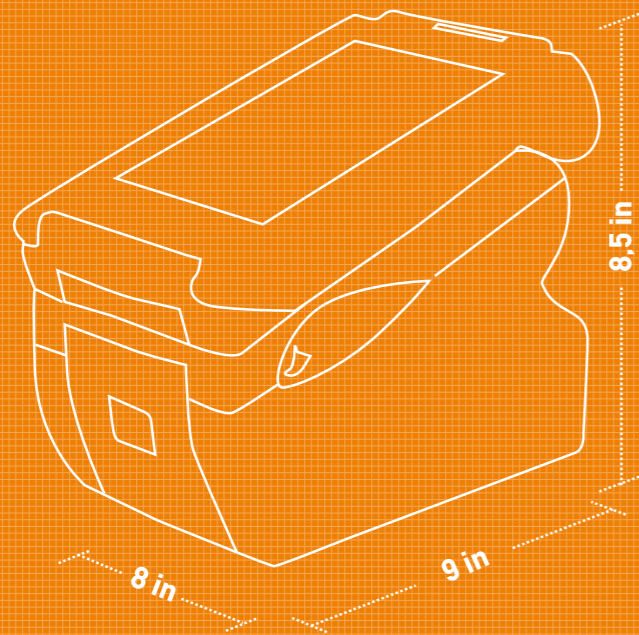
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## Good causes: our key differentiator

*This issue of the WLA Magazine provides further insight into one of the key areas that makes our lottery platform so unique. Most of our members play a pivotal role in the financing of youth and adult development. As well as actively supporting local and national youth and education programs, most of you are also involved in a wide spectrum of efforts to promote health and culture and build stronger communities.*

*We all need to realize that this is our raison d'être. It puts us in a unique position and sets us apart from other gaming operators. Communities around the world trust and rely on our capacity to generate funds and support actions that allow them to build a sustainable future.*

*Building a sustainable future can only continue if our members around the world aim to strengthen relations with their customers. Innovation, our ability to involve our stakeholders in our unique approach, and above all to develop attractive gaming propositions, will allow us and our stakeholders to seriously compete for an increasingly critical consumer. And that is where the WLA can excel as a platform for learning and exchange of Best Practice. Building Sustainable Gaming Excellence is our mission in life!*

*This issue of the WLA Magazine includes some great examples of lottery excellence around the world. We also report on the great progress we are making with our Security Control Standard<sup>®</sup>, as the Kentucky Lottery becomes the first operator in North America to gain certification. More than 30 lotteries have now also formally embarked on the WLA Responsible Gaming Framework. These are all encouraging signs of the progress we are making in setting ourselves apart and establishing our unique positioning.*

*Many of you will have the opportunity to learn more at World Meet '07 in Kentucky. With our NASPL colleagues we will have a great opportunity to learn about how to strengthen our lottery operations further. With the enthusiastic support of some of our key industry partners we will engage and unite to be and stay the preferred choice for gaming around the world.*

*I look forward to working with you and possibly seeing you in Louisville.*

Hans Savonije  
Executive Director, WLA

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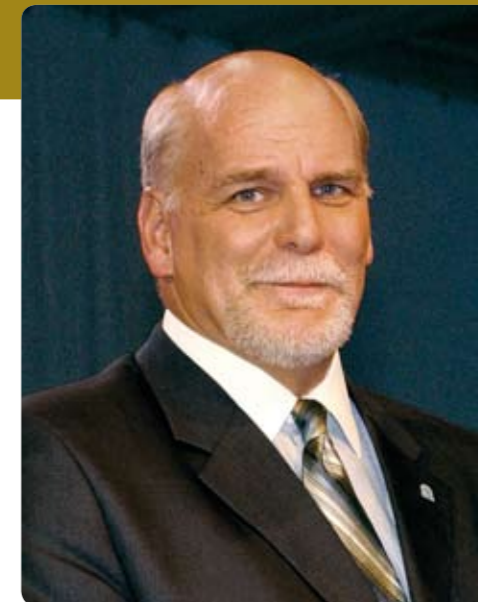


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## Letter from the President



The summer (winter for those of you in the southern hemisphere) has been a busy time for the WLA. Our Executive Director, Hans Savonije, has been busy melding the WLA staff into an efficient team carrying out their new duties and responsibilities. With their assistance, the office has coordinated several successful WLA Academy seminars, made several improvements in member services and begun significantly revamping the WLA website. Hans has worked with many of you and our WLA standing committees in further developing the WLA's mission and our efforts in **Building Sustainable Gaming Excellence**.

Between May and August, WLA Academy seminars were held in Australia, Europe and Africa. In the last week of May, a seminar on Corporate Social Responsibility and the WLA's Responsible Gaming Framework was staged in Brisbane, Australia. An Interactive Gaming seminar took place in Helsinki, Finland, and the Erewhon case study program was held in Mangalia, Romania. A workshop on certification to the WLA Security Standard® was also organized in Zurich, Switzerland. By all accounts, each session was highly successful, and the Helsinki seminar, in particular, was very well attended. We are especially grateful to our host lotteries, Golden Casket, Veikkaus and Loteria Romana. In late August, an Academy seminar, *Lottery Business from A to Z*, was held in Lome, Togo. Hans either participated or led the discussions in each of these learning opportunities.

In Hans's column, he emphasizes the WLA's other efforts in **Building Sustainable Gaming Excellence**, including the areas of Corporate Social Responsibility and Responsible Gaming, the Security Control Standard®, Marketing and Advertising Best Practices, and Retail and Online Distribution Best Practices. The progress made with development of the Responsible Gaming Framework and Security Control Standard® is outlined in further detail by articles within this issue of the Magazine, as is an update by Jan Stewart of the proposed Advertising guidelines. Members can find additional information about the WLA's Security Control Standard®, the Responsible Gaming Principles and Responsible Gaming Framework through the WLA website, which will be helpful in determining how to implement these principles within each lottery organization. Applying these standards is a significant step in our mission of **Building Sustainable Gaming Excellence**.

Efforts to develop retail and online distribution guidelines are just beginning, with recommendations from several members for candidates to comprise the associated working group. Significant progress in this area should occur over the next several months and is most timely. Potential aspects of these best practices are suggested in this issue's article authored by John Branscombe, Chair of the Security and Risk Management Committee.

The summer has also been an active time for regulators, legislative bodies and the courts, particularly in Europe and North America. Philippe Vlaeminck and Lynne Roiter comment on these developments within this issue.

Good causes funded by lotteries continue to be a central theme of the Magazine, and this issue highlights programs funded by the Hong Kong Jockey Club. All members are encouraged to submit materials for this continuing coverage.

As Hans notes in his column, the funding of good causes and public benefit programs is one of the most unique aspects of lotteries around the globe. It is what sets us apart from other gaming providers. It is an integral part of our brand identity and a great source of our public appeal and acceptance.

Hans has also continued his efforts with OPAP in developing plans for the WLA 2008 Convention and Trade Show in Rhodes, Greece, and the long-term development/restructuring of the WLA Academy program. He has sought the input of our regional associations and many of our members regarding this latter effort.

Plans for the joint NASPL/WLA World Meet '07 in Louisville, Kentucky are now complete. My staff and I look forward to hosting you and seeing you this October. The Call to the Post has been made and the World Meet '07 Starter's Gun will fire on October 1 with the commencement of early activities. The conference's formal program breaks from the gate on October 3 and reaches the finish line on October 5. Don't miss getting your bets down on this great conference!

*Arch Gleason*

Arch Gleason  
 WLA President

# Association business



Jan Stewart,  
WLA Senior Vice President and Chair of  
the Communications Committee

## Building Sustainable Gaming Excellence

The WLA Communications Committee, chaired by Jan Stewart, is pursuing its work to provide a framework for WLA communication processes. At the same time, it has acted on the Executive Committee's June 2007 decision to form a working group on lottery marketing.

### Planned communications

The WLA is working to ensure that all communications to members and external stakeholders reflect the core values of the Association and its members as well as the important information and messages that we need to convey. As reported in the last issue, the Communications Committee is committed to managing all forms of WLA communication in a planned and professional way, and to building a recognizable WLA brand. The Executive Committee has adopted "Building Sustainable Gaming Excellence" as the byline for the Association's future communications.

The task of the Communications Committee has included reviewing the content and design of the WLA Magazine, and we hope that members are beginning to notice the continued improvements.

Members and associate members are also encouraged to visit the WLA website ([www.world-lotteries.org](http://www.world-lotteries.org)) to check on current news items, member news, and updates on seminars and conferences. An extensive review and redesign of the WLA website is underway, with a view in due course to making it a far more interactive communication tool between individual members and with the WLA office.

Working on the communication strategy has caused us to reflect on whether the existing WLA logo is appropriate and contemporary enough to provide a strong visual representation of the kind of organization we need to be. This has led us to begin the process of reviewing the existing brand design and style guidelines for use in visual material and to consider redesign options. Over the next few months, a range of options will be considered and presented to the Executive Committee for approval before being submitted to the membership.

With the many changes happening in the global lottery industry, and to meet the Executive Committee's goal of ensuring that all our services are timely and relevant to the needs of our members in all their diversity, it is important that we get our communication strategy right in every aspect.

### Advertising standards

Another project underway under the auspices of the Communications Committee is a review of the advertising standards applied by members throughout the world. The goal is to develop an agreed WLA best practice baseline or template which all members could use either to develop their own advertising standards or to benchmark their current practices.

This is an important element of our approach to Corporate Social Responsibility. The way that lotteries present themselves in advertising communications sends important messages to players and other stakeholders not only about their products and services, but about our corporate values and our links with our beneficiaries.

Advertising of lottery products needs to be light-hearted and entertaining, but strict standards are needed to ensure that it is not deceptive in any way and does not encourage underage play.

### Worldwide inventory

The first step in this project has been to collect a range of advertising standards currently being used by WLA members in different parts of the world. These have been summarized into a document outlining the core elements of each set of standards. It is encouraging to see the quality of standards that our members are already using. We believe it will be a relatively simple task to use the best of these to develop a generic WLA advertising best practice document. This will be subsequently made available to members either for adoption or for benchmarking purposes.

The final draft of the best practice guidelines for advertising standards will be presented to the Executive Committee at World Meet '07 before being made available to the entire WLA membership.

Members who would like to contribute their advertising standards to this worldwide inventory are encouraged to send them to the WLA office in Basel for distribution to the project team. Alternatively, Jan Stewart can be contacted directly at [jan.stewart@lotterywest.wa.gov.au](mailto:jan.stewart@lotterywest.wa.gov.au).

# Regional associations

After our focus on NASPL in the last issue, we report on the latest projects and upcoming events being organized by three other regional lottery associations – the Asia-Pacific Lottery Association (APLA), Corporación Iberoamericana de Loterías y Apuestas de Estado (CIBELAE) and the European State Lotteries and Toto Association (EL).

## Synergy, sustainability and social value

A total of 150 participants from Japan and throughout the region are expected to gather in Tokyo for the APLA Regional Conference in November 2007. Hosted by the Japan Lottery Association with the enthusiastic support of other members in Japan, this third regional conference follows the memorable events in Perth in 2004 and Hong Kong/Beijing in 2005. The Tokyo conference will focus on the fundamentals of growth under the theme of the "Three



### APLA 2007 Regional Conference

**When:** November 26-29, 2007

**Where:** Grand Prince Hotel  
Takanawa, Tokyo

**Registration:** [www.apla2007tokyo.com](http://www.apla2007tokyo.com)

S's", the three keywords that pave the way for APLA's future: Synergy, Sustainability, and Social value. A wide array of presentations will be given over two days with the aim of generating discussion that will hopefully lead to synergy creation in the lottery industry, identification of sustainable growth scenarios, and enhancement

of APLA's social value. Scheduled speakers include noted Japanese economist Prof. Motoshige Itoh, Dr. Hiroyuki Watanabe from Toyota Motor Corporation and Prof. Hirofumi Takada of the National Graduate Institute for Policy Studies.

President Arch Gleason, immediate past president Reidar Nordby and Executive Director Hans Savonije are due to attend from the WLA. Two optional tours of Tokyo and Kyoto are scheduled for the Networking Day in order to give participants an opportunity for relaxed interaction and sharing.

## CIBELAE: bridging the continents

CIBELAE was formed in 1988 to seek common ground for lottery activities in Latin American countries sharing close historical, cultural and linguistic bonds with Spain and Portugal. The intercontinental association currently has twenty-eight members from twenty countries, and sixteen associate members from nine countries.

Diversity is one of the distinguishing features of CIBELAE. In terms of technologies and business volumes, its member lotteries represent an extremely broad range



of levels of development. Underlying this diversity, however, members have found they have a great deal in common. Indeed, the level of cohesion between the members of this unique association is quite remarkable. The vast majority of member jurisdictions have a very long history in the lottery sector. Their role in society is deeply ingrained in the local traditions in their respective countries, and they are all united in the battle against illicit gaming.

Practical partnerships Cooperative projects include efforts to set up legal structures to fight unlawful gaming and favor the legitimate activities of cross-jurisdictional gaming. Important steps have been taken to facilitate business consulting services and technological assistance between members. An integrated training program allows less developed lotteries to face the future with greater self-assurance. At the same time, an exchange program provides opportunities for groups of employees to work temporarily in other countries to gain proficiency in the hands-

Continued on the next page.

## Regional associations

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on aspects of running a modern gaming organization. As part of the same down-to-earth approach, CIBELAE organizes face-to-face and online seminars two or three times a year focusing on specific problems typical of Latin American lotteries. A scholarship program is available to help members with financial difficulties to take advantage of these opportunities.

In October 2007, El Salvador will be hosting the two-yearly CIBELAE convention, organized around the theme "Looking after the Public Interest". And preparations are already underway for World Meet '09, which will combine the twelfth CIBELAE Convention with the WLA Convention in Santiago de Chile in 2009.

The CIBELAE magazine is published every six months and the association website is currently being redesigned with a relaunch date scheduled for later in the year.

### EL: sustaining the pressure

When sports betting operators joined the European State Lotteries Association in 1999, the organization changed its name to the European State Lotteries and Toto Association, or European Lotteries (EL) for short. Today EL has 72 members and 25 associate members. The last decade has seen a lot of changes in Europe, not least



the enlargement of the European Union, and the expansion of the EU internal market with almost half a billion consumers. Commercial operators have also stepped up their lobbying efforts for an EU-led liberalization of gambling services, and the right of EU Member States to maintain a restrictive policies for reasons of public interest (as recognized by the European Court of Justice) continues to be challenged.

EL is continuing to monitor political and legal developments and provide decision-makers with the technical expertise needed for sound policy decisions. In addition to its Secretariat General in Lausanne, EL has an EU representation in Brussels to defend the interests of its members with the EU institutions and other stakeholders, and to monitor and analyze developments on all levels. The EU representation is assisted by legal advisers Vlaemminck & Partners and public affairs consultants Blueprint & Partners.

### Raising the bar

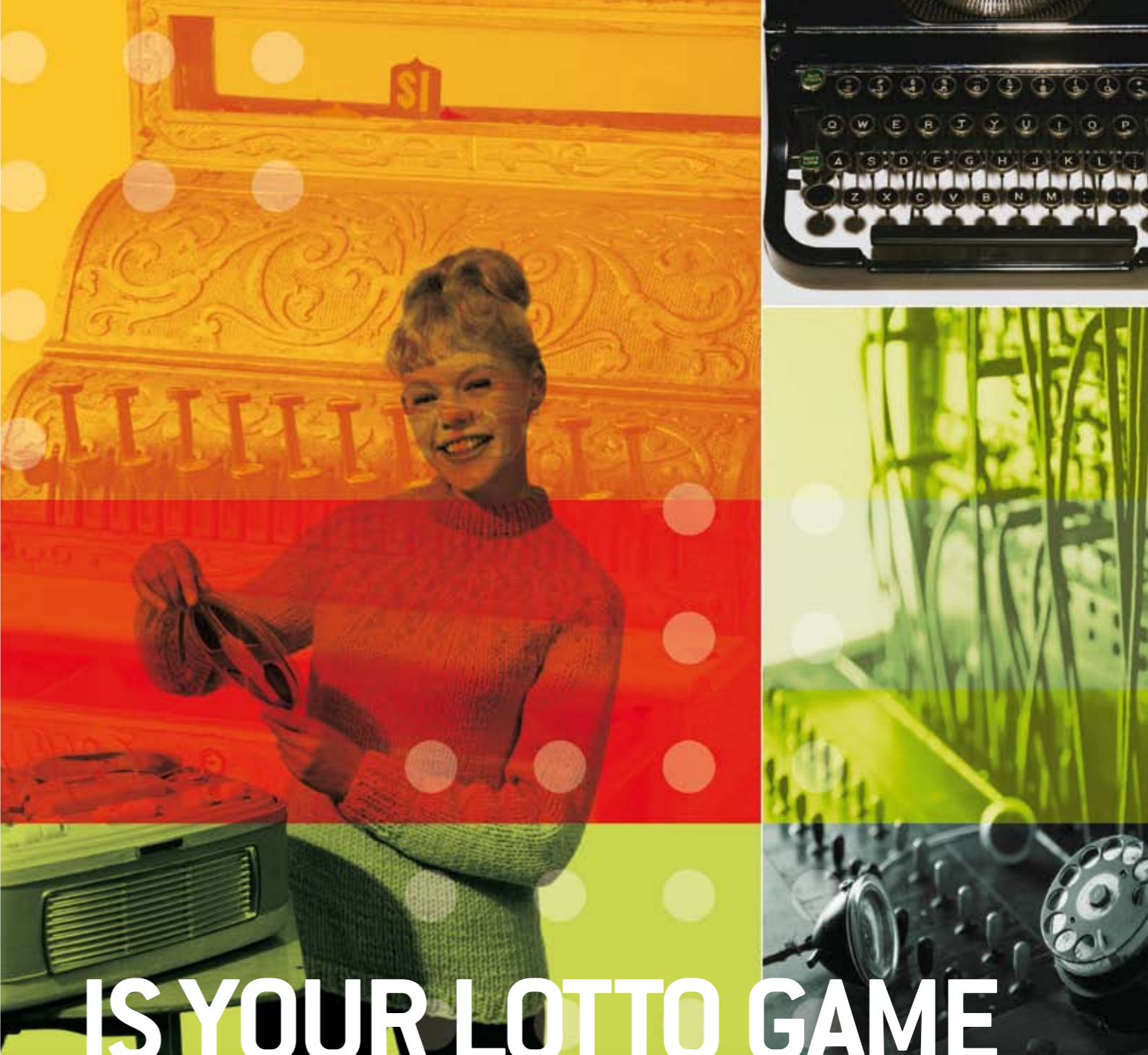
In this context, upholding the principles of responsible gaming is clearly of utmost importance for EL member lottery organizations. The EL has developed a set of

Responsible Gaming Standards, which is complementary to the WLA Responsible Gaming Framework, as well as a Code of Conduct on Sports Betting. Over the coming years, both documents will be further developed and new codes of conduct and other directives on responsible gaming will be added.

The Code of Conduct on Sports Betting was established to promote high-level self-regulation. It demonstrates that members' gaming rules are responsible and completely transparent, and highlights the huge differences between sports betting as operated by state lotteries and the gaming activities organized by commercial operators.

Recently, EL set up a commission on Public Order and Security which will be in charge of developing a paper on money laundering and gathering information or studies on the subject of criminality, money laundering and other unlawful activities. EL is committed to developing its expertise in this field.

As it prepares for another decade of changes and challenges, the European regional lottery association is in a permanent state of alert and vigilance. As it maintains its focus on the priorities of its members, the association is expanding its skill sets and sustaining its pressure on opinion leaders and policy makers.



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*Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world!* – Joel Arthur Barker, business writer and author

## Time for action: Responsible Gaming Framework deadlines established

**Back in 2003, the WLA had a vision that as state-controlled gaming operators, members had a leadership role to play in addressing Responsible Gaming issues.**

“Since then, various WLA members have acted upon this vision to create Responsible Gaming Principles and then a Responsible Gaming Framework that acts as a guideline to make responsible gaming an integral part of each lottery’s daily operations,” recounted Arch Gleason, WLA President and CEO of the Kentucky Lottery Corporation.

“The goal of all this hard work is to ensure that the public is protected and that revenues for the public good are sustained,” said Dianne Thomson, Chair of the WLA Corporate Social Responsibility Committee and Chief Executive of Camelot in the UK. “By differentiating ourselves from gaming operators for whom creating private profit is the main goal of being in business, we can now demonstrate that we, as WLA members, are dedicated to raising money for good causes by operating responsibly.”

“We need to set ourselves apart, not only in thought but in action,” added Gleason.

Members not yet familiar with the Responsible Gaming Framework can find information on the WLA website. On the members-only page, there is an overview of the program, information about how to apply and the fees involved, application forms, a Self-Assessment Tool and a Stakeholder Engagement Guide. Additional material will be added as it is developed.

“Because Level 1 is a minimum requirement of WLA membership, we asked all members to send in their CEO’s letters of commitment by the end of August,” stated Gleason. “If your lottery wasn’t able to meet that deadline, we strongly urge you to enter Level 1 as soon as possible.”

“We are now at a point where members must embrace the Framework,” added Michelle Carinci, Deputy Chair of the WLA’s CSR committee and CEO of the Atlantic Lottery Corporation. “This is vital if we are to demonstrate to our stakeholders that WLA members are united in our commitment to not only to grow sales and returns to good causes but to facilitate responsible play.”

This is especially important when many members face increased scrutiny due to concerns about problem gambling, the threat to monopoly status and increased competition from unregulated markets.

A deadline of November 30, 2007, has been established as the first deadline for lotteries wishing to apply for Level 2, Level 3 or Level 4. Members electing to commit to Levels 2, 3 or 4 by this deadline will have the fee associated with these levels reduced by their Level 1 entry fee.

“If you’re not sure of your level, a good place to start is the online Self-Assessment Tool,” advised Carinci. “It will help you decide the most appropriate level for your lottery. It also lists the information that must accompany the applications.”

Members attending World Meet ‘07 will also have an opportunity to learn more about the Framework in one of the sessions on Corporate Social Responsibility. Members of the WLA’s CSR committee will be on hand to answer questions.

### Responsible Gaming

#### Responsible Gaming: WLA timeline

##### October 2003 – WLA General Meeting, Granada, Spain

Members call for a set of WLA standards with respect to public order, social responsibility and duty of care to proactively respond to the challenges facing the sector

##### September 2004 – WLA Round Table, Hamar, Norway

Lottery leaders review draft Principles broad enough for all WLA members to embrace but

specific enough to have meaning and to support lotteries in carrying out their mandates.

##### November 2004 – WLA Convention and Trade Show, Durban, South Africa

Members endorse the draft Principles as a valuable complement to lotteries’ established policies..

##### February 2006 – World Lottery Forum, Mérida, Mexico

The membership adopts the WLA Responsible Gaming Principles, which will guide lotteries as they make responsible gaming an integral part of their daily operations.

**May 2006 – CSR Seminar, Halifax, Canada**  
Members provide feedback on the draft Framework for implementation of the Responsible Gaming Principles..

##### November 2006 – WLA General Meeting, Singapore

Members adopt the Responsible Gaming Framework, which outlines how members can demonstrate measurable commitment to the Responsible Gaming Principles.

**May 2007 – CSR Seminar, Brisbane, Australia**  
Members learn how to apply the Framework and use the tools that will help them through the process.

### Data mining technology helps prevent problem gaming

Swedish lottery Svenska Spel has introduced a new system that actively prevents problem gaming. Known as Playscan, the system analyzes the lottery’s customer database and alerts players about gaming problems, both existing and potential.

Playscan can predict the risk of a player developing problems in the next three months with more than 90% accuracy, the lottery reports.

“Our philosophy is that gaming responsibility is most effective when it is placed in the hands of the players themselves,” says Svenska Spel CEO Jesper Kärrbrink. “Playscan sustains the thrill and excitement of playing and helps players not to transform that into an unhealthy gambling behavior.”

Once a person is identified by the system as being at risk, the lottery has pledged to stop advertising to that person, urge them to consider their gambling habits, work out a gambling budget, take a test for gambling addiction and/or opt for self-exclusion from Svenska Spel’s betting products.

#### Sophisticated technology

Working with the Swedish gaming institute Spelinstitutet, data mining specialist ICU Intelligence harnessed a combination of behavioural science, psychology, mathematics, artificial intelligence and genetic programming technology to develop the new system. The strength of ICU’s technology is its ability to find weak patterns in customer behavior without any human interference. The outcome is based on real data, not on human assumptions and bias.

Since the end of June 2007, Playscan has been available online to players that have already registered for the lottery’s customer loyalty card. Svenska Spel ultimately aims to implement the system across all its distribution channels.

Mark Griffiths, Professor of Gambling Studies at Nottingham Trent University, has called the system “the most outstanding innovative single project in the area of responsible gaming I have seen worldwide. I sincerely hope that Svenska Spel’s example will inspire many others.”

## Camelot’s CSR priorities

**Camelot has run the UK National Lottery since its 1994 launch and has just been announced as the preferred bidder in the competition for the third lottery license commencing in February 2009. Camelot puts Corporate Social Responsibility at the heart of everything it does and has identified four priorities in order to achieve its wide-ranging commitments in this area.**

**Responsible play:** As part of its commitment to raise money for good causes responsibly, Camelot aims to have lots of people playing the lottery regularly but spending relatively small amounts. Seventy percent of the UK adult population play on a regular basis and the average weekly spend is less than £3. Camelot works to protect those who are potentially most at risk in terms of excessive and underage play, and those on a low income. Safeguards are built into every level of its operation, from game design and marketing to the sale of tickets at retail outlets and online. A dedicated team of advisors is on hand to help winners deal with the changes a big win brings and help them enjoy their good fortune.

**People and communities:** Camelot strives to create an environment that rewards people for giving their best, provides a healthy work-life balance and encourages staff to volunteer within their local communities and on larger charitable projects. Camelot is currently 13th in both the Sunday Times list of the 100 Best Companies to Work For and The Guardian’s list of the UK’s Top Employers.

**Business relationships:** Camelot is committed to open, honest and transparent working relationships with all its customers, suppliers and shareholders. It maintains regular dialogue with all stakeholders through annual feedback surveys, quarterly forums and regular face-to-face contact, as well as less formal communication throughout the year. Camelot was voted Best Supplier in 2007 by retail consulting firm HIM based on its dedication to understanding retailers’ needs and then delivering excellent service and support to those retailers.

**Environment:** Even as a relatively small, specialist company, Camelot knows it has a part to play in protecting the

environment, including tackling climate change and reducing waste and carbon emissions. Last year Camelot reduced its carbon emissions by 29% by switching to green electricity, introducing changes to its transport fleet and reducing gas and electricity usage .

#### CSR management system

Camelot has a clear framework of CSR management, consultation structures and policies in place. The Camelot Board is ultimately accountable for its CSR strategy, receives close support from formal Board committees, advisory groups and stakeholder panels. The company also has a designated Corporate Responsibility team reporting directly to the Chief Executive.

Producing an annual, independently verified CSR report is an important way for the company to demonstrate transparency and accountability. The report offers a clear and honest view of Camelot’s annual achievements in each of its four priority areas, showing performance against the commitments made the previous year. The 2007 report is due out in the autumn.

Camelot sets its CSR priorities by understanding what’s really important to stakeholders and identifying the areas that most matter to the company as a business. This approach ensures that CSR is fully integrated into day-to-day business, forming part of every action and decision the company takes.

Camelot’s score in the UK’s leading independent Corporate Responsibility Index, published by Business In The Community (BITC), rose from 92.5% to 96.5% in 2007. The company also retained its position as leader in the leisure category in the Index and was placed in the highest category of BITC rankings last year – Platinum.

# Security certification: A unique tool to improve lottery operations

After constructive discussions and knowledge sharing, the latest version of the WLA Security Control Standard<sup>®</sup> – the worldwide lottery sector’s security management baseline – was released in November 2006. As more members apply for certification, we review the current status of the standards and examine how the process creates value for lottery organizations in their continuous improvement efforts.

Previous versions of the standards have been described as the “crown jewels” of the WLA’s resources for its members and it is hoped that the latest version will be equally well received and respected. “I am very confident, as are all the members of the committee, that the 2006 version of the standards is robust, serves a necessary requirement and can be compared favorably with previous versions,” says John Branscombe, Chair of the WLA’s Security and Risk Management Committee (SRMC).

### Reduced maintenance

The 2003 version was an imposing document with more than 69 single controls and over 430 “must be met” statements. It was extremely detailed and very comprehensive, but noted for not being user friendly or easy to work with for auditors and certifying bodies. Also, although well regarded by lottery operators, it was of little use to lottery suppliers.

It has always been an overriding SRMC objective to have an agreed usable standard for information security within the lottery world. As a result, the committee invested a tremendous amount of time and effort in reviewing and maintenance work.

Due to the pressure of time constraints and the changing technological environment it was obvious that a better and more efficient way had to be found, to ensure that the standards were dynamic and remained “fit for purpose”.

### Complementing ISO 27001

At the same time as the future of the WLA standards was being considered, the

well-known international security standard BS7799 was recognized by ISO as ISO 27001. This provided a perfect opportunity for the global security management baseline to be used within a new version of the WLA document.

As well as the many recognized benefits of WLA certification, the process is a chance to identify potential improvements in areas which previously may not have been examined with such a critical eye.

This approach had a number of advantages:

- With an internationally recognized standard available, the SRMC would not have to “reinvent the wheel” on information security.
- Using the ISO standard as a base version means much less maintenance work, thereby saving resources and freeing up time for other important projects.
- Incorporating ISO 27001 into the new WLA standards allows for a much more applicable implementation approach.

While previous versions of the WLA Security Control Standard<sup>®</sup> prescribed the security requirements no matter what the

situation was, the new standards allow for an approach based on a risk assessment, in line with the real business needs.

Using ISO 27001 as the base, the security committee worked on the identified “must” requirements that would ensure that the WLA crown jewels were kept intact. The committee were helped in their work of formulating and structuring the new standards by Tony Steinegger of Qlot Consulting and are grateful for the direction, enthusiasm and general professionalism he displayed when assisting with this difficult process.

### Simple structure

The structure of the 2006 standards is quite simple. In addition to the ISO 27001 requirements there are 24 WLA basic controls which include requirements for the overall organization, human resources management, physical security, access control, business continuity and other considerations. There are 72 lottery specific controls (very similar to the 2003 version) which cover instant tickets, lottery draws, retailer security and prize money protection, gaming terminals, Internet gaming systems and other areas.

### Compliance and certification processes

With the standards in place, the next step was to set up clear compliance and independent certification processes. As a rule of thumb, an average-sized organization with about 100 staff will need approximately 6-9 months to implement the requirements of the standard and be ready for certification. This is a very approximate time frame as it is dependent on the starting point of the lottery concerned.

It is important to understand that in order to achieve the review of the business critical processes and to ensure that there is an information management system in place, the organization must undertake a thorough assessment in order to effectively and systematically analyze the risks to the business. This is followed by implementing appropriate measures for risk mitigation.



John Branscombe is the Security Director for the UK lottery operator Camelot and serves as Chairman of the WLA’s Security & Risk Management Committee.

### Business improvement exercise

The process should not be viewed as certification for certification’s sake but as an overall business improvement exercise.

As before, depending on the starting point, the financial cost will vary but most of it is for the internal resources needed to implement the standard.

Common pitfalls can be avoided by appointing an experienced external coach or consultant to assist in the process. This helps to put the requirements in perspective, avoiding the tendency to think that more is required than actually is, and it helps to dispel fears of staff resistance and high costs.

The certification process itself is probably the smallest cost involved. This is conducted by one of the two certification bodies authorized by the WLA, the British Standards Institute (BSI) and Det Norske Veritas (DNV).

### Recognized benefits

The following are some of the recognized benefits of taking the certification path:

- Continuous improvement of business processes whilst lowering the risks to the operation.
- Enhancement of regulatory, stakeholder and player confidence and reassurance in the operation of the lottery.
- Provision of an identifiable framework for investigating and resolving security issues.
- Tangible, visible proof and reassurance that a lottery operator has reviewed the business risks and managed them in a structured and formal way with appropriate mitigation in place.
- Higher overall awareness of security within the lottery and of the importance of security and integrity to the operation.
- Confidence for all involved with partners when operating multi-jurisdictional games.
- Future competitive advantage.

### Certification: a first in North America!



The Kentucky Lottery Corporation (KLC) has become the first North American lottery organization to gain certification to the WLA Security Control Standard<sup>®</sup>.

Obtaining certification to the WLA standards has been an important priority for the lottery for some time – but completing this process provided the organization with additional benefits that few staffers had anticipated.

### Security management in perspective

The process of applying for the certification gave KLC the opportunity to formally address certain areas that had been only informally addressed or partially addressed in the past. In other words, it gave the lottery a chance to step back and look at its organization through a different lens. This in turn led to several improvements and benefits in areas which previously may not have been examined with such a critical eye. They include:

- Developing and implementing an internal audit tool so that executive management can determine the status of all corrective action implementation plans and perform follow-up as necessary. This includes all types of audits, both internal and those performed by third parties.
- Implementing a corporation-wide document management policy and protocol to provide better control until an electronic solution is implemented later this fiscal year.

- Putting into place an overall information security management system. Various areas and personnel with any type of security-related responsibilities are now better coordinating their activities to ensure a well-integrated security environment.
- Significantly improving the KLC’s security risk assessment model so that management can allocate its limited resources to the areas of highest risk and exposure.
- Implementing a risk acceptance policy and process that documents any cases where the implementation of security controls is not adequate to provide the highest level of assurance to management. In these cases, the actual, specific risk and related exposure is documented. This allows executive management to make business decisions based on all available data. This process also results in a common understanding of decisions made and documents those decisions for future reference and/or review.

The process of certification to the WLA Security Control Standard<sup>®</sup> does not necessarily address specific control techniques and standards. Instead, it provides management with a process to formally manage, update, and continuously improve its security controls. For the Kentucky Lottery Corporation, the exercise has proven highly beneficial across the entire organization.

### Structure of the WLA-SCS:2006

WLA Security Control Standard Introduction

#### Part A

General Security Requirements  
ISO/IEC 27001 (133)  
Scope Requirement  
WLA Basic Controls (24)

#### Part B

Lottery Specific Security Requirements (72)

# Retail security: defending the winning experience

**As our interactive public face, agents and retailers are an integral part of any lottery operation. They are generally very honest and have the best interests and integrity of the lottery at heart. But as in most cash enterprises, there is always a potential and opportunity for things to go wrong. John Branscombe outlines some initial considerations as a starting point for the work of the new Retail and Online Distribution Committee.**

Despite all the checks, balances and controls we may have in place, a retailer or (more likely) a member of their staff can act dishonestly. Recent events involving retailers in North America and in Europe have clearly illustrated the ongoing care and vigilance that is required to maintain the overall integrity and trust of a lottery.

Here are a few examples of potential dishonest practices by lottery retailers:

- Checking a winning ticket but declaring to the player that it is a non-winner, and later attempting to claim the prize.
- Deliberately under-paying a prize amount, and later attempting to claim the correct prize.
- Selling a ticket to a player and immediately carrying out the "void" process, keeping payment for the ticket.

#### Cheating at the checkout

Let's examine one of these vulnerabilities in more detail. A player visits his local lottery store with a quantity of lottery tickets that have been purchased over the previous month or so. The player, as many do, asks the retailer to check the tickets to establish whether or not there is a winner among them.

In the overwhelming number of instances of this type there is not a problem. The

tickets are checked, the winners identified and the correct prize money is paid. But potentially in this situation there is an opportunity and a temptation for fraud.

A winning ticket could be discovered and the player could be told that they haven't won. Later, the retailer or an associate could attempt to claim the prize (big or small) in the usual way, and keeps the money. The result: The trust and integrity fundamental to a lottery's success is compromised and its reputation is severely tarnished.

#### How can this opportunity be minimized?

Earlier this year, the WLA Executive Committee agreed to establish a Retail and Online Distribution Committee, which will gather best practice in this important

*It is integral to the winning experience that the fear of retailer fraud must not be allowed to mar the process. We must keep our guard up, maintain existing measures and remain open to new solutions.*

area to help lotteries improve their operations even further. The first proposals for retail and distribution best practice are awaited by the end of 2007. The release of the 2006 WLA Security Control Standard© also provides procedures and valuable guidance for lotteries in the areas of general security incidents, vetting procedures and systems security.

Many anti-fraud measures are already in place in lotteries across the world. However, the WLA Security and Risk Management Committee has outlined some key considerations for lottery operations that could further strengthen their operational effectiveness. While these con-

siderations do not constitute best practices formerly promulgated by the WLA, they will be considered by the new Retail and Online Distribution Committee for such purposes. Not all of the measures will be suitable for all lotteries, and care should be taken to ensure compliance with local regulations and license conditions.

#### Prevention better than cure

The Committee has identified various potential preventive measures with respect to players, retail locations, lotteries or operators, and new technology.

#### Communication with players

- An awareness program highlighting the various ways of checking whether or not a ticket is a winner. This may include visiting the lottery website or lottery contact center, checking newspapers or other publications, using win-checkers at retail locations, etc.
- Clear advice for players' own protection on writing/signing their names of the back of any ticket at the time of purchase and not just when they are aware that the ticket is a winner.
- User-friendly advice on how to make a complaint for investigation if they feel they have not been paid the correct prize.

#### Retail locations

- Audible fanfare and flashing light when a winning ticket is scanned on a terminal.
- Customer-facing screen to inform the player in real time whether or not the ticket being scanned is a winner.
- A clear retailer agreement ensuring that only tickets that have been signed on the back by the player are checked by scanning.
- Win-checkers installed enabling a player to privately self check a ticket.
- An obligation to issue a printed receipt at the time of scanning to show the status of a ticket.

#### Lotteries or operators

- A statement of commitment to be published in the press and on the lottery

website indicating that integrity and security are at the forefront of the operation. The statement could include a user-friendly guide for a complaints procedure.

- The complaints procedure should be audited independently on a regular basis.
- Vigorous and comprehensive vetting of all retailers and potential retailers to ensure that they are of good character. Information and intelligence relating to the dishonesty of a retailer, including non-lottery matters, to be followed up and the appropriate action taken.
- Toll-free phone number to check results of draws both current and recent.
- The capability to carry out comprehensive independent investigations into complaints of dishonesty or malpractice. These to be conducted by an investigation team separate from other departments to ensure there is complete segregation of duties and transparency.
- Investigation of all complaints with feedback given directly to the complainant.

- Monitoring of unusual retailer activity including excessive cancellations, excessive attempts at validations of non-winning tickets and player complaints regarding allegations of underpayment or non-payment of prizes.
- Zero tolerance of dishonest retailer activity.
- Random visits to retailers to check instant ticket stock for tampering. (pre-scratching, pin pricking, etc.).
- Tracking of all prizes over a set limit to ascertain whether the claimant is a retailer, a member of the retailer staff or involved with the lottery.
- Payout of high-tier prizes at lottery centers only.
- Implementation of a player registration system ensuring that any prizes won under the registration program are automatically paid into that player's account.

#### New technology

- A new generation of terminal technology to assist with the integrity issue. The playslip completed by a player could include the player's name, which would

be read by the terminal and incorporated into the printed ticket issued.

#### Protecting the winning experience

The public play lottery games for the winning experience. However simple or complex games are made, it is the winning experience that seals the satisfaction of playing. It is integral to that experience and to maintaining player confidence that the fear of retailer fraud must not be allowed to mar the process. To this end we must keep our guard up, maintaining our existing measures and always remaining open to the consideration of new solutions.

The actions highlighted above are not exclusive and the WLA welcomes news from members about any other initiatives currently operating in a lottery environment to ensure that a winning player is paid the correct prize.

## Daubing is dated!

Bingo is the online game of choice among a new, Internet-savvy audience who have never owned a dauber. They enjoy it online where the chat room is where it all happens.

We understand modern bingo and the contemporary way to socialise. Let our expertise help you create a secure online gaming haven for your customers, just as it helped Svenska Spel of Sweden. Svenska Spel offers interactive games such as scratch tickets, bingo and poker. All provided by Boss Media.





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OPAP S.A. has the honor of hosting the 2008 WLA Convention on the sunny island of Rhodes from 19th to 24th October 2008. Share with us our commitment to the global lottery community and explore the beauties of this unique destination.

We are looking forward to welcoming you.



www.opap.gr, info@opap.gr

OPAP

WLA Global Insurance Scheme

# Honesty and integrity: Protecting our most important assets

Recent media coverage has highlighted the damaging effects of retailer and employee dishonesty, from the more obvious financial impact of a claim to the often underestimated damage to the lottery's integrity, reputation and brand image. Although insurance alone is clearly not the perfect solution, lotteries can mitigate these risks by obtaining cost-effective insurance cover through HineSight®, the range of risk services endorsed by the WLA as part of its Global Insurance Scheme launched in 2005.

Like other businesses, the lottery community is facing a range of new challenges. From litigation to computer crime and major fraud, the nature and scope of risks to be managed by lottery operators are constantly evolving. The gaming sector is at the forefront of new technologies connected with the growing requirements of game distribution, regulation and governance. This in itself can put operators at considerable risk from employee and retailer dishonesty.

**Perception of risk**

In November 2006, HineSight® surveyed WLA members from 26 countries to understand their attitudes towards various types of risk. A full 80% of respondents (64% of them lottery operators) viewed customer, employee and retailer dishonesty as a risk to their business. However, less than 30% of respondents were insured against losses resulting from fraudulent activities by employees and retailers.

"Sometimes insurers are reluctant to provide an adequate level of coverage, and this can lead to inadequate protection," says Barry Beamish, specialist professional indemnity and crime risk protection consultant at Miller Insurance Services. "Through HineSight®, Miller has the expertise to place professional indemnity and crime risk protection for various financial institutions, including the lottery community. We are continuing to work with insurers and the lottery community to fill current gaps in the insurance market."

It would be naïve to think that insurance alone will provide a perfect solution. The quality of systems and procedures must be scrutinized. Not only does this protect the integrity of the games and ensure player confidence, but it also has financial benefits when considering risk transfer options. "Risk management tools such as the WLA Security Control Standard® provide a measure of a lottery organization's security control and risk management per-

formance, thereby putting the insured in a stronger position," continues Beamish.

**Filling the gaps**

However, even with practical steps such as customer-facing displays on lottery terminals, a creative fraudster may still exploit an opportunity to act in a dishonest manner by incorrectly scanning the ticket or not scanning it at all. As a result, there are some exposures that no amount of practical procedures and creative thinking can eliminate. This is where bespoke insurance coverage can be a cost-effective solution to filling the gaps.

"Insurance purchased as a 'tick a box' exercise, without careful consideration, can leave the policy holder exposed," says Beamish. "The key to effective coverage is to work with an insurer that understands the dynamics associated with the lottery sector. Through HineSight®, Miller has the expertise to place professional indemnity and crime risk protection for various financial institutions, including the lottery community, either direct to insured parties or via independent insurance intermediaries." For more information about HineSight® or to discuss your current risk management policy, please contact Neil Daly at Miller Insurance Services on +44 (0)20 7031 2717.

## New MECN Report: Lottery Benchmarking and Success Factors

Report about benchmarks, success factors, and best practices in the global lottery industry.

More information: [www.lottery-benchmarking.mecn.net](http://www.lottery-benchmarking.mecn.net)



# Sporting entertainment and community support



The Hong Kong Jockey Club Scholarship Scheme is aimed at encouraging the brightest and best local and Mainland students to pursue their higher education in Hong Kong and serve the community.



Winfried Engelbrecht-Bresges, Chief Executive Officer of the Hong Kong Jockey Club, uses sign language to call for participation in Asia's first bilingualism and co-enrolment program for deaf students.



When thousands were killed or made homeless in the Southeast Asia tsunamis, the Hong Kong Jockey Club pulled in about half of the HK\$110 million ultimately raised in Hong Kong for the relief operation.

Our series on Good Causes continues with the first spotlight on a member lottery organization. As the lottery arm of The Hong Kong Jockey Club, HKJC Lotteries is a respected benefactor and provider of sporting entertainment to the 7 million people who call this unique jurisdiction home. The principal trading gateway to and from mainland China and a leading global trade and finance center, Hong Kong ranks as one of the world's most affluent cities. But community projects actively supported by the Club help to ensure that the affluence benefits the largest possible number of Hong Kong citizens and enhances the quality of life for the next generation.



Horseracing was introduced in Hong Kong by the British in the 1840s, but it wasn't long before the local Chinese population caught on to the unique excitement of hooves pounding along the turf.



Born in Kentucky in 1999, thoroughbred racehorse Bullish Luck trained at Newmarket before moving to Hong Kong. Five years later, his outstanding performances earned him the coveted Hong Kong Horse of the Year award.



Recipients of Hong Kong Jockey Club scholarships design workshops and share broad-ranging expertise with teenagers to help them broaden their horizons, identify their goals and pursue their dreams in life.



Funding community projects for young and old: young people are invited to bring along a senior to attend a pop song award presentation ceremony – a unique way to promote inter-generational care.

Possibly one of the most delightful and enduring legacies of Hong Kong's colorful history is the population's passion for horse racing. On the busiest race days of the year, up to 80,000 people pack into the main racecourse at Sha Tin and HK\$1 billion (US\$128m) will be wagered on the horses. Inevitably there will be winners and losers on the day, but in the end, the biggest winners are always the community at large – because all The Hong Kong Jockey Club's surpluses are ploughed back into charitable and community projects.

The history of horse racing in Hong Kong can be traced back more than 160 years. Within months of the arrival of the British in 1841, a malarial swamp on the north side of Hong Kong Island was drained to form what is now Happy Valley Racecourse. In the early days, racing was infrequent and mainly a pastime of the colonial elite, but it wasn't long before the local Chinese population caught on to the unique excitement of hooves pounding along the turf.

The Hong Kong Jockey Club was officially established in 1884 and changed from an amateur to a professional racing organization in 1971 – though it remains to this day a not-for-profit enterprise with no shareholders.

#### Combating unlawful gambling

The growing popularity of horseracing in the 1960s and '70s was accompanied by an increase in illegal bookmaking, as racing fans who could not gain access to the racecourse were motivated to place bets with illegal operators. In 1973, the Government authorized the Club to op-

erate off-course betting to tackle illegal gambling head on. Two years later, the Club was asked to run the Mark Six lottery in order to combat chi fa – a popular illegal lottery game at that time. Then in 2003, the Club was authorized to operate regulated football betting in Hong Kong, as illegal wagering on football had become rampant as live TV coverage of matches increased.

Besides serving the community as a provider of sporting entertainment and a major charitable benefactor, therefore, the Club has played an important role over the years in supporting the Government's efforts to channel gambling in Hong Kong through a responsible and properly regulated operator. The Club has long implemented a comprehensive responsible gambling policy throughout its operations.

#### Hong Kong's largest community benefactor

The Club is the city's largest taxpayer. In 2006/07 season it contributed some HK\$12.6 billion (US\$1.6 bn) to public funds – an estimated 8.2% of the total tax collected by the Government's Inland Revenue Department. Most importantly of all, perhaps, the Club contributes more than HK\$1 billion (US\$128m) a year to charitable and community projects, each year benefiting over 100 local projects and organizations large and small. This makes it not only Hong Kong's largest community benefactor but also one of the largest worldwide, on a par with the Rockefeller Foundation in the United States.

Significantly, this level of commitment has never faltered in the past 10 years

despite a lengthy period of decline in racing turnover due to the region's economic downturn, coupled with a new wave of competition from illegal and unauthorized offshore bookmakers, spawned by the rapid growth of the Internet.

Some of the major community facilities built with Club funding over the years have included Victoria Park, Ocean Park (a major theme park), the Hong Kong Stadium, the Hong Kong University of Science and Technology and the Center for Health Protection.

#### Touching lives

The Hong Kong Jockey Club has become one of Hong Kong's best-known and respected organizations, touching the lives of most local residents in one way or another. More than one-third of the adult population are Club customers, and independent surveys have shown that some 30 per cent of residents or their families have made use of Club-supported charity and community projects.

The Club's commitment to serving the community also extends into other areas, with the employees themselves playing an active role. More than 700 of its current and retired staff have joined a group called CARE@hkjc which undertakes a variety of volunteer services around town, ranging from tree-planting in country parks to visiting elderly people living alone. Many bring their young families along, helping spread the message of volunteerism to the next generation.

Contributing to the community has been high on the Club's agenda throughout its

history, but from the early 1950s onwards, as Hong Kong struggled to cope with post-war reconstruction and a massive influx of immigrants, this role became integral to its operations. In 1955 the Club formally decided to devote its surplus each year to charity and community projects, and in 1959 a separate company, the Hong Kong Jockey Club (Charities) Ltd was formed to administer donations. This company has in turn evolved into The Hong Kong Jockey Club Charities Trust, established in 1993.

In those difficult years of the 1950s and early '60s, most of the Club's donations were directed to meeting urgent community needs in such areas as healthcare, education, and recreational facilities. Epidemics like tuberculosis were still rife, a problem eventually brought under control by Club donations to the Ruttonjee Sanatorium. Hong Kong's high post-war birth rate also stretched maternity services to the limit, prompting the Club to fund the rebuilding of one hospital maternity

unit and the upgrading of others. To cope with the growing population in urban areas and the rural New Territories, over 20 basic healthcare clinics were established with Club support, including two floating clinics to serve the city's island dwellers.

Many of Hong Kong's public swimming pools were also built with Club funding in this period, as were major recreational facilities like Victoria Park and Morse Park.

#### Dramatic change

The past 40 years, however, have seen Hong Kong undergo a dramatic economic transformation, as it first became a major manufacturing center and then – after the opening-up of China from the late 1970s onwards – evolved into the principal trading gateway to and from the Mainland. Today, in its new post-1997 status as a Special Administrative Region of China, Hong Kong ranks as one of the world's most affluent cities and a leading global trade and finance center. It is also a major air transport hub and tourist destination,

attracting more than 25 million visitors a year.

Through these years of dramatic change, The Hong Kong Jockey Club's charitable contributions have evolved in nature alongside the changing needs of the community. While most donations are still directed at four core areas – Community Services, Education and Training, Medical and Health, and Sports, Recreation and Culture – the Club is increasingly paying attention to new issues of community concern like the environment, heritage conservation and sports development.

#### Proactive approach

In recent years the Club has also adopted a more proactive approach to its community contributions, not only addressing areas of immediate concern, but also identifying emerging social issues with the aim of enhancing the quality of life for the next generation. In addition, it has been getting more actively involved in the projects it supports, working closely

#### The horseracing continues

After the Joint Declaration was signed by Britain and China in 1984, providing for Hong Kong's return to Chinese sovereignty in 1997, doubts were expressed in some quarters as to whether the cherished tradition of horseracing could survive the change, given China's strict curbs on gambling. However, China's then paramount leader Deng Xiaoping, the architect of the "One Country, Two Systems" concept, was quick to reassure Hong Kong people with his now famous statement that "the danc-

ing will stay, the horseracing will continue" – and that has been very much the case.

Indeed the horseracing has not only continued since 1997, it has gone from strength to strength, and Hong Kong is today considered one of the world's premier horse-racing jurisdictions. The quality of its racehorse population and racecourse facilities rank among the finest worldwide, as do its highly sophisticated betting systems and products.

With its football betting and lotteries operations also thriving, not to mention its top-class and highly-coveted membership services, the Club now ranks as a global leader in the sporting entertainment sector, with an annual turnover of over HK\$100 billion (US\$12.8 bn). It is also one of Hong Kong's largest employers, with over 24,000 full- and part-time staff.

with Government departments, non-government organizations, academic bodies and local community groups to study how issues of concern can best be tackled and solutions implemented, drawing on best practices worldwide.

An early example of this more proactive approach came in 1999 when the Club started looking at the issue of dementia among the elderly. It became clear that longer-term solutions were required rather than short-term funding, as this was a problem that would intensify with the ageing population. Hence the Jockey Club Center for Positive Ageing, established in collaboration with the Chinese University of Hong Kong, is based on a social model of care, offering day or overnight care services as well as carer training programs. Now that break-even mode has been reached, it is conducting applied research programs alongside the university and other agencies.

More recently, the Club has launched "CADENZA: A Jockey Club Initiative for Seniors" a HK\$380 million (US\$48.7m) project that brings together local and overseas experts in gerontology with the aim of fostering totally new attitudes and approaches within the community to care for the aged.

The Hong Kong Jockey Club Scholarship Scheme, launched in 1998, is aimed at encouraging the brightest and best local and Mainland students to pursue their higher education in Hong Kong, whilst also building a linkage with care for the community. Since its launch, 211 scholarship recipients have benefited from this program.

The Jockey Club Scholars Alumni Association now provides a further chan-

nel through which the graduates can continue their involvement in community causes. Scholars have assisted children of new immigrant families; mentored displaced youths; helped mentally disabled children develop their potential and confidence and most recently, launched Schoolala, helping senior secondary students "seek their dreams".

*Keen to support the promotion of Chinese medicine worldwide, the Club has invested HK\$500 million into the Jockey Club Institute of Chinese Medicine to fund its research and development capabilities.*

Some of the Club's most far-sighted projects have grown out of more straightforward funding requests. For instance, a biotechnology research project proposed by the Hong Kong University of Science and Technology effectively became a HK\$175 million venture capital investment after it became clear that the concept had strong commercial potential and could serve to stimulate other biotechnology research and investment in Hong Kong. A new joint venture company has now been set up between the university and a US corporation which is pioneering the development of anti-ageing drugs, using compounds identified from traditional Chinese medicine.

### Olympic spirit

For more than 120 years, The Hong Kong Jockey Club has not only provided Hong Kong people with sporting entertainment, but has also been a major community benefactor through its unique, not-for-profit business model. Its value to the community has been further enhanced over the past decade as Hong Kong's racing and betting operations have progressed to new heights, becoming recognized as world leaders in the industry.

In July 2005, the Club's commitment to the community broke exciting new ground when it agreed to commit well over HK\$800 million (US\$103m) to building competition venues that would enable the equestrian events of the 2008 Beijing Olympics and Paralympics to be moved to Hong Kong. This has given Hong Kong people a once-in-a-lifetime opportunity to share in the excitement of the Olympics and in their nation's glory.

The Club is keen to support the promotion of Chinese medicine worldwide, with Hong Kong's professional expertise at the forefront, and has also invested HK\$500 million into the Jockey Club Institute of Chinese Medicine to fund its research and development capabilities.

One recent Club project, "Read & Write: A Jockey Club Learning Support Network", is intended to address the issue of dyslexia, which presents particular challenges for Chinese students as most existing support programs have been developed around alphabetic languages.

The Jockey Club Sign Bilingualism and Enrolment for Deaf Education Program is aimed at establishing an alternative education model for the hearing impaired, by teaching hearing and deaf children together in both conventional and sign language.

### Rapid response

Being proactive also means being ready to respond quickly and flexibly when unforeseen events occur. When the SARS (Severe Acute Respiratory Syndrome) outbreak dealt a devastating blow to Hong Kong early in 2003, the Club didn't wait to be asked for help. At a time when there was real concern among parents and the community at large, it immediately stepped in to fund comprehensive cleaning programs for schools, kindergartens and community centers.

In addition, while easing the public's immediate concerns, the Club was anxious to help the Government find longer-term solutions to disease control. The HK\$500 million funding approved to set up the Center for Health Protection was therefore a natural progression. Hong Kong's

By making full use of its existing world-class racing, veterinary and laboratory facilities, the Club has been able to create the Olympic equestrian venues in well under two years, less than half the normal lead time. Moreover, most of the facilities can be put to further sporting and community use after the Olympics.



The Club has played an important role over the years in supporting the government's efforts to channel gambling through a responsible and properly regulated operator. Posters at off-course betting branches reiterate the importance of responsible play.

first facility dedicated to the prevention and control of infectious diseases, it was officially opened in October 2004.

Less than two years after SARS, thousands were killed or made homeless in the Southeast Asia tsunamis. The Club was on hand again with an immediate donation of US\$250,000. Then, making full use of its Off-Course Betting Branch network and other customer channels, it launched a relief fund which raised a remarkable HK\$53 million from Hong Kong people.

### Sports development

As Hong Kong's small land area tends to make it quite a crowded and stressful city, the Club has been putting a strong focus on sports development and the environment in recent years. The Jockey Club Kau Sai Chau Public Golf Course, opened in 1995, achieves both objectives togeth-

er as it has provided Hong Kong with its first golfing facility, making this once-elite sport more accessible to the population at large. At the same time it has transformed the environment of an island that had been badly scarred by its former use as an artillery training range. The flora and fauna have since returned in strength and the island has become an important wildlife habitat.

The Club is now constructing a third public course at Kau Sai Chau, which will adopt a unique funding mode whereby future operational cash flows will be reinvested in a series of long-term, golf-related developments on the island, including the establishment of a Golf Academy to offer vocational training in golf course management for young people keen to enter the industry. The Academy will also promote golf at grassroots level, train elite

golfers, and introduce adaptive golf to the disabled.

The Club has also opened three public riding schools around the city and committed funds to establishing Hong Kong's first Sports Medicine and Health Sciences Center.

With the 2008 Beijing Olympics certain to focus the world's media on China in the coming months, and Hong Kong playing proud host to the Olympic equestrian events, The Hong Kong Jockey Club believes that a new sporting culture is ready to emerge across the region. And as Hong Kong's oldest and most respected provider of sporting entertainment, the Club intends to remain firmly in the forefront.



# World Meet: a tradition in the making



World Meet '07 will be the third combined event organized by the North American Association of State and Provincial Lotteries (NASPL) and the WLA. Attended by upwards of 1,000 delegates, previous World Meets in Vancouver (1996) and Albuquerque (2001) were considered major successes by both organizations and there has been growing enthusiasm among the memberships for staging combined conferences on a more regular basis.



NASPL



WORLD LOTTERY ASSOCIATION WLA

The organizers of World Meet '07 have faced the same basic challenge as their predecessors – how to connect the culture and traditions of regional lottery associations with the worldwide culture of the WLA. In an increasingly interconnected world, rising to this challenge is key to the future of the gaming sector as we know it. The WLA holds its own major Convention and Trade Show every two years. Starting this year, WLA events on alternate years will systematically be coordinated with the regional lottery associations. In 2009, for example, Polla Chilena de Beneficencia will host a joint CIBELAE/WLA event in Chile.

## Breakout sessions: communicating on a human scale

Breakout sessions play a crucial role at any major conference, accounting for a sizeable proportion of the huge amount of information that is exchanged during the course of the educational program. Based around formal presentations, panel discussions or less structured formats, they provide a perfect opportunity for lottery professionals to meet peers and address shared concerns together. Because they focus on a single topic, breakout sessions are welcomed by many delegates for the high quality of the input they generate and for providing a unique chance to compare notes and opinions with other subject-matter specialists. The World Meet '07 schedule includes breakout ses-

sions on the Thursday and Friday. They cover an extremely extensive range of subjects, ensuring that every Louisville delegate finds something of interest and direct relevance to their jobs – and can make a personal contribution to the critical process of sharing information.

### Thursday, October 4 | 3:45 pm – 4:45 pm US privatization initiatives and operating structures around the world | Cascade ballroom A

This session will review recent US lottery privatization proposals and examine three lottery operating structures: state government subsections, quasi-government lottery corporations, and non-North American licensed-

# WORLD MEET

for-profit lottery operators. Panelists will present their views on the pros and cons of those forms of organization and their ability to effectively conduct lottery operations in an increasingly competitive environment.

### Best new instant game | Room 100, level one theater

This session will include presentations by finalists for the NASPL Best New Instant Game award, selected for the innovative aspects of their games, costs and benefits, strategic analysis and insight, and overall visual appeal.

### Handling big events | Room 101, level one

Lessons learned by the communications team for one of the premier sporting events in the country – The Kentucky Derby – show parallels that can be used in the lottery industry. Whether it is a monster jackpot announcement or a scheduled new game launch, the staff from Churchill Downs will share tried-and-true media relations techniques that can work just as well in our industry.

### Maximizing retailer relations | Room 104, level one

What are best practices in maintaining an existing retailer base? Areas of discussion will include retailer incentive plans, retail promotions and the struggle for POS and product placement.

### Corporate and social responsibility: case studies Room 105, level one

A presentation of responsible gaming case studies – what is being done in North America and around the world?

### Friday, October 5: 10:45 am – 11:45 am

### Corporate and social responsibility – The WLA Responsible Gaming Framework | Cascade ballroom A

Members of the WLA Corporate Social Responsibility Committee will provide an overview of the WLA Responsible Gaming Framework and updates about the tools and methods being developed to support and monitor implementation by lottery organizations around the world.

### Coming through the storm – lessons learned from the Canadian prize payment controversy | Room 100, level one theater

Following the retailer prize payment controversies in several Canadian provinces, a panel of Canadian lottery leaders will discuss the reviews by government officials and third-party experts, the procedural deficiencies they reported and the corrective action that has been taken.

### Legal Roundtable | Room 101, level one

Experts in gaming law and lotteries will discuss developments in the legal and legislative environment around the world.

### Best new online game | Room 104, level one

This session will include presentations by finalists for the NASPL Best New Online Game award, a category just established this year. Selections were based on the innovative aspects of the games, costs/benefits, strategic insight, and overall player appeal.

### New retail environments | Room 105, level one

How are outlets such as airports and big-box retailers being brought into the lottery retail fold. Presentations will cover California's experience with Costco, Ontario's kiosk project with Wal-Mart

and Home Depot, and Camelot's in-lane terminal application with Tesco. An update on the NASPL Corporate Development Committee's efforts will also be provided.

### Ad agency relationships | Room 108, level one

How can lottery and advertising agencies best work together? Insights from both sides of this relationship will be explored, with a discussion of ways to cultivate new ideas and build brands.

### Friday, October 5: 3:45 pm – 4:45 pm

### Our playing field – legislation update | Cascade ballroom A

This update on legislative, regulatory and judicial challenges in North America, Europe and other parts of the world will include a review of Internet gaming legislation and recent court decisions.

### Are mega-games saving or killing lotto? | Room 100, level one

Industry leaders will investigate why lotto-style games continue to flourish in Europe but are seeing steady declines in the United States. Have multi-jurisdictional mega-games in North America caused the lotto demise?

### Web-based marketing | Room 101, level one

How can lottery organizations best engage Internet users who may just be looking for winning numbers online? This session will explore ways to best present fresh and dynamic content, player services and interactive features. New applications such as lottery blogs and player story submissions will also be examined.

### Tools, techniques and technology – optimizing retailer visits Room 104, level one

Technology has revolutionized sales calls, allowing retailers and sales reps to focus on marketing and sales efforts. Tools such as order pads, instant ticket vending machines and terminal-based applications help to make a sales representative's limited time in front of a store manager more productive.

### Preparing our industry for tomorrow | Room 105, level one

This session will highlight a variety of NASPL and WLA standards programs, including the Global RFP Best Practice, the WLA Security Control Standard<sup>®</sup> and the NASPL Standards Initiative (NSI).

### A five-part education program

The World Meet '07 education track was built around the following five segments:

- Operations and Administration
- Sales
- Marketing and Communications
- Product Development and Innovation
- Potpourri

In addition to keynote presentations by prominent experts, each segment features four or more breakout sessions designed for maximum relevance to international audiences. Offering a good balance between North America and other regions was one of the top priorities of the organizing committee in charge of selecting panel members for these sessions.





Maker's Mark Distillery



Federal Hill



Keeneland



Old Friends Farm

## Partner program: a true taste of Kentucky

The World Meet '07 partner program has been designed to give visitors a true taste of what Kentucky has to offer. Over the course of two days, program participants will visit historic sites, meet famous racehorses, take in a day of racing at one of Kentucky's most pristine thoroughbred tracks, and observe one of the world's best-known bourbons being made – with a special twist at the end of their visit!

### Day one – October 4

Bourbon is the king of corn-based whiskeys! In 1795, bourbon production became one of the first industries in the state. The way bourbon is produced hasn't changed much over the past 200 years, and this day will give you a flavor for life in bourbon country and show you how "Kentucky Nectar" is made. The day will start with a motorcoach trip to a place many people think only exists in song, My Old Kentucky Home.

### My Old Kentucky Home

Known as Federal Hill, this stately Georgian Colonial mansion was visited by Stephen Foster in 1852. He wrote the famous "My Old Kentucky Home" song after visiting the house. During the tour participants will be escorted by guides in period costumes as they take in a snapshot of home life in the South prior to the Civil War.

### Talbott Tavern

From there it's on to Talbott Tavern for lunch. Talbott Tavern is said to be the oldest western stagecoach stop in America as the westward expansion brought explorers from the east into Kentucky. According to legend, figures straight from the history

books sought lodging here during their travels; as a young boy Abraham Lincoln and his family stayed here, Gen. George Rogers Clark, Daniel Boone, and exiled French King Louis Philippe and his entourage stayed here, even painting murals on the upstairs walls. There are noticeable bullet holes in the now faded paintings and Jesse James is said to be responsible for them.

### Maker's Mark Distillery

The day ends with a trip to one of the most famous bourbon distilleries in the world, Maker's Mark. Maker's Mark is the only operating distillery in the United States to be designated a National Historic Landmark. Companions will see how Maker's is made by hand every step of the way, from the antique roller mill crushing the grain to the giant cypress tubs full of sour mash to the "white dog" (new whiskey) running through the "spirit safe". At the end of the tour, participants have the option of creating a very special souvenir – hand-dipping their own bottle of Makers Mark in red wax to create the label's signature seal.

### Day two – October 5

#### Old Friends Farm

This day starts at a working farm with special significance in the heart of horse country. Old Friends Farm is home to a non-profit organization dedicated to providing a dignified and comfortable retirement home for racing's elite. Here companions will see a tremendous collection of Grade 1 stakes winners and Hall of Fame champions including Bonnie's Poker, the dam (or mother) of Kentucky Derby winner Silver Charm, and Popcorn Delights, one of the horses that portrayed Seabiscuit in the award-winning film.

#### Keeneland Race Course

The rest of the day will be spent at one of the premier racetracks in America, Keeneland Race Course. For more than 70 years, Keeneland has set the standard for some of racing's richest traditions. With its ivy-covered walls, tree-lined paddock and picturesque surroundings, the track preserves the tradition and ambiance of thoroughbred racing. Before each race, horses are saddled in the paddock with its stately tall trees that will be vibrant with color in October. It all makes for a beautiful setting, unmatched by any other facility in the United States. Companions will have lunch at the track and enjoy the afternoon racing card before returning to Louisville.

## The Kentucky keynotes

World Meet '07 features a line-up of keynote speakers from outside the world of gaming whose insight is of direct relevance to the lottery business. They include a world-famous explorer, an international marketing guru, the woman who helped transform a small regional discount chain into a national fashion destination – and a rocket scientist turned marketing genius whose family-owned distillery has changed the world of American whiskey.



ROBERT BALLARD



PETER DART



ROBYN WATERS



BILL SAMUELS

One of the world's most accomplished deep-sea explorers, Dr. Robert Ballard is best known for his historic discovery of the Titanic. During his long career he has conducted more than 120 deep-sea expeditions using the latest in exploration technology, and he is a pioneer in the early use of deep-diving submarines. He has led or participated in missions including the discovery of the German battleship Bismarck, eleven warships from the lost fleet of Guadalcanal and exploration of the luxury liner Lusitania.

An Oxford graduate who was trained as a physicist, Peter Dart has become a global marketing professional with over 30 years' experience. He is currently a senior manager at London-based WPP Group, one of the world's largest communications services groups, which employs 97,000 people in 106 countries. WPP Group's advertising agency holdings include the Grey Global Group, Ogilvy & Mather Worldwide, Young & Rubicam and JWT. Dart serves as the Global Client Leader for Team Unilever, a multi-national company that owns many of the world's consumer product brands in foods, beverages, cleaning agents and personal care products. He spends time in many of the markets where Unilever and WPP have a significant interest, such as the US, China, India and Brazil.

As Target's former Vice President of Trend, Design, and Product Development, Robyn Waters helped a small regional discount chain become a national fashion destination. She has more than thirty years' experience tracking and translating trends into sales and profit. Robyn provides a thought-provoking environmental scan of the marketplace that takes the listener deep into the hearts and minds of the consumer. Her visual presentations challenge the audience to look at trend "from the inside out" by focusing their attention on what's important instead of just what's next. She is the author of *The Trendmaster's Guide: Get a Jump on What Your Customer Wants Next*, *The Hummer and the Mini: Navigating the Contradictions of the New Trend Landscape*, and contributing author (along with Tom Peters, Seth Godin and Malcolm Gladwell) for *The Big Moo: Stop Trying to Be Perfect and Start Being Remarkable*. *Fast Company* magazine featured her as one of the top twenty "Creative Mavericks" in 2004.

Bill Samuels' life story reads like something out of a novel – he's an engineer turned rocket scientist turned lawyer turned president of one of the premier bourbon distilleries in the world, Makers Mark. A rocket scientist by training, Samuels designed the thrust injection nozzle for the second stage of the Atlas 2 missile in 1964. He was fired shortly thereafter for what he describes as "incompetence", and a few years later his father asked him to return to the family business. "Dad said rocket fuel and whiskey were about the same anyway," Samuels remembers. He returned to the distillery in Loretto, Kentucky in 1967, and became president and CEO of Makers Mark in 1975.

# Sports betting and the law: the field is open

**The relationship between sport and lotteries is of the utmost importance to both sides of this delicate equation. But the way the relationship is addressed by lawmakers and judiciaries differs significantly from one continent to the next. From prohibition in the United States and schemes to improve financial transparency and public confidence in Brazil and Australia, to infringement cases in Europe, gaming legislators around the world have the bit firmly between their teeth. But are they pulling in the same direction?**

As is the case with Internet gambling, the United States has taken a prohibitive approach to sports betting. Contrary to the European Union there has not been any recognition of lotteries having a role to play in this area – in fact this role has been legislatively denied.

In 1976, the Delaware State Lottery introduced a sports lottery based on the outcome of American football games. The National Football League (NFL) immediately sought an injunction to stop the game, arguing that the lottery was infringing its copyrighted calendar (database) and trademarks as well as profiting from the NFL's notoriety and goodwill.

The court did not agree. It found that the lottery could use the information contained in the calendar as long as it presented it in a different manner (order of matches, choice of matches, graphic presentation and other information on the documents) thus making it a result of its own calculations, imagination, research and work and not that of the League. The court found that the lottery was not using the trademarks of the NFL or the football teams, since the name of a city, even if used in a team's name, cannot be part of its trademark.

### Acceptable collateral service

Finally the court held that while the lottery could be benefiting from the public's interest in the NFL's activities, this did not by itself give it a right of action. The lottery was offering a collateral service, and this is not illegal. On the contrary, it is a

common practice by manufacturers that make seat covers for specific cars, for example, tour operators who organize bus trips to special events, and even makers of gadgets to help people choose lotto numbers. The League failed to provide proof that sports betting was damaging its reputation or its integrity.

When the Oregon State Lottery introduced sports betting on basketball games in 1988, the National Basketball League went to court to try to stop it. Its arguments were basically the same as those raised by the NFL a decade earlier. They were not successful in court and eventually the case was dropped.

### Lawmakers weigh in

The courts having upheld the right of state lotteries to offer sports betting, the US Congress intervened to prevent the spread of this form of lottery. The professional sporting leagues all made representations supporting the need for restrictive federal legislation, claiming that sports gambling

### Find out more

The WLA's Global Legal Network is becoming an increasingly valuable way for WLA members to keep abreast of legal developments as they occur. Registered participants have access to more detailed information on the matters discussed here and on a wide range of other legal topics. For more information on the Network, please contact Lynne Roiter in Mont el at [lynne.roiter@loto-quebec.com](mailto:lynne.roiter@loto-quebec.com).

was a national problem with harmful effects that spread beyond the borders of the States that sanctioned it. In 1992, the Professional and Amateur Sports Protection Act made sports betting illegal. Under the legislation, no government entity or person may sponsor, advertise, promote, license or authorize a lottery, sweepstakes or other betting, gambling or wagering scheme based, directly or indirectly (through the use of geographical reference or otherwise), on amateur or professional games or on the performance of athletes in such games.

Sports lotteries conducted in Oregon and Delaware were exempted from the application of the law, as were licensed sports pools in Nevada. However the law applies to all other states and effectively put an end to the expansion of legal sports betting in the United States.

### Mobilizing in support of UIGEA

The professional sports organizations continue to be vigilant on the legislative front. In a letter to the House Financial Services Committee, all five associations have also stated that they would oppose any legislation that would legalize and regulate non-sports gambling, because they "do not believe that the differential treatment of sports gambling and other gambling online would be sustainable in the current environment". Consequently the sports organizations are strong supporters of the Unlawful Internet Gambling Enforcement Act (UIGEA).

Signed into law on October 13, 2006, UIGEA gave the Federal Reserve 270 days to issue regulations establishing the responsibilities incumbent on financial institutions to identify and block illegal gambling transactions. The Federal Reserve did not meet the July 10 deadline and it may be some time before the regulations are published.

However, this should not be taken as a sign that payment processors and credit card companies will not be vulnerable



Lynne Roiter, facilitator of the Global Legal Network, is head of the WLA Montr el office and VP Corporate Affairs and Corporate Secretary at Loto-Qu bec.

to prosecution for handling online gambling transactions from the US. Under a settlement this summer, Neteller not only forfeited US\$136m and returned \$94m to its US customers, but also admitted to violating US laws on Internet gambling and agreed to cooperate fully with US authorities in all matters relating to the ongoing investigations by the United States Attorney's Office.

Neteller seems to have learnt from its American experience, announcing in mid-July that it was withdrawing its Israeli online gambling payment services due to the court decisions in that country as to the illegality of Internet betting providers offering online wagering to Israeli residents.

### Brazil: greater transparency

Under a new policy adopted by the Brazilian government, the national lottery operator Caixa Econ mica Federal will play an active role in helping solve the financial and transparency problems that football clubs have been experiencing in that country for the past several years.

Under a law that came into effect on July 30 this year, football clubs from the top three divisions will be able to register to participate in a revenue sharing plan for a new football pools game, Timemania (team mania) to be introduced by Caixa in 2008. Twenty-five percent of the revenues from this new product will be shared

with the football clubs who have decided to participate. The revenues will be used to reimburse the clubs' debts to the government (over US\$450m) and then finance club operations. To take part in the scheme, the clubs will first have to provide financial details of their operations, undergo independent audits and participate in the government's social programs.

### Australia: boosting public confidence

In Australia, the Victorian Parliament recently adopted new sports betting legislation that can qualify as a first worldwide. The Gambling and Racing Legislation Amendment (Sports Betting) Bill 2007 received assent on May 29, 2007 but has not yet come into force.

Based on the same principles as were adopted last year for the Victorian racing industry, the Bill aims to improve public confidence in sporting events and provide sporting bodies with a share of the revenues wagered on their events. The minister responsible for gaming has stated that the Bill's objective is to provide confidence to all concerned that "every outcome within a match is determined in the spirit of the game and free of manipulation".

The Bill has an international dimension as its regulatory framework will apply to both Australian and overseas betting providers for sporting events taking place in Victoria.

The Victorian Commission for Gambling Regulation (VCGR) is the body that will have to approve a sporting event or class of events for betting purposes before any betting activity will be allowed to take place on them. To obtain this approval the VCGR must determine that the events are not exposed to unmanageable risks, that they are administered by an organization capable of enforcing rules of conduct that ensure their integrity, and that betting on them is not offensive or contrary to the public interest.

To benefit from the provisions of the Bill, sporting bodies must be recognized as a "controlling body" by the VCGR. This recognition will only be given if the integrity criteria of the law are met and if policies are in place for the purpose of investigating suspicious activity. Betting providers must then reach an agreement with the controlling body about fee payments and information sharing.



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# Lotteries and sport: an EU perspective

**Sports betting is currently the central focus of the European Commission's infringement procedures against ten EU Member States. Unlawful Internet gaming operators face legal battles as they attempt to gain visibility in sports and grab market share in sports betting and there is also a widening public debate about commercial and intellectual property rights as they pertain to sports betting.**

The White Paper on Sport recently adopted by the EU Commission specifically recognizes the role of lotteries in this area: "In many Member States sport is partly financed through a tax or levy on state-run or state licensed gambling or lottery services. The Commission invites Member States to reflect upon how best to maintain and develop a sustainable financing model for giving long-term support to sports organizations."

## State control needed

The White Paper covers both the societal role and the economic dimension of sport, and is the first comprehensive initiative on sport undertaken by the Commission since the Nice Declaration on the Specificity of Sport in 2000.

The White Paper aims to provide strategic orientation on the role of sport in the EU and encourage debate on specific prob-

lems. It seeks to enhance the visibility of sport in EU policy-making, raise awareness of the needs and specificities of the sector, and identify the appropriate level of further action at EU level.

When the Commission met sport directors from the EU Member States in July this year, the discussions included the issue of sport financing and the legal framework with regard to gambling, particularly Internet gambling. The meeting concluded that it was necessary to maintain state control over gambling in order to ensure funding for sports. At the same time, Member States were encouraged to identify alternate sources of funding for amateur sport given the uncertain future of the gambling market.

As a contribution to the reflection on the financing of sport, the Commission is to carry out an independent study on the funding of grass-roots sport and sport for all in the Member States from both public and private sources, and on the impact of ongoing changes in this area.

## Business goals

Financing sport through betting or related products or services does indeed raise a number of problems. First, there is debate about whether the financing of sport or related activities can justify a restrictive gambling environment or even be considered an ancillary objective of gambling restrictions. Betting on horseraces is seen as the optimal method for financing horse breeding in a number of jurisdictions, but at the same time this causes serious problems to several governments. The government of Norway, for example, was criticized in the EFTA Court for maintaining a policy on horserace betting that was solely driven by the intention to finance horse breeding. Betting on horseraces was therefore considered to be "business-oriented" – unlike other games of chance, which could only be organized on a non-profit basis.

The same problem could occur in other jurisdictions where betting on horseraces is organized to support horse breeding. Noble and important as the cause may be, both the European Commission and the EFTA Court consider it to be driven by business considerations. Similarly, in the WTO Internet gambling case, the dispute panel pointed to inconsistencies in US policy on Internet gambling. The Interstate Horseracing Act proved to be a bridge too far and was considered too business-oriented to fall within the scope of public order.

## Sponsorship by remote operators

Second, there is growing concern over sport sponsorship that enhances the visibility of unlawful remote gambling operators. This battle is emerging in various jurisdictions in the EU, where Bwin and Unibet are indeed using sponsorship to gain market access. Bwin became the main sponsor of the Portuguese football league and has a link on the home page of the league's website. This violates Portuguese legislation, and in particular the sports betting monopoly of Santa Casa de Misericordia de Lisboa, and the dispute has been referred to the European Court of Justice in Luxembourg.

The case of the Unibet cycling team raises similar questions. In court proceedings in France and Belgium, Unibet requested the right to participate in the cycling events organized by ASO, including the Tour de France. ASO refused to allow Unibet to compete in their races, citing anti-betting laws in countries such as France and Belgium as the reason behind their decision, which is now under scrutiny by the European Commission. Surprisingly, Unibet was supported in this endeavor by the Union Cycliste Internationale (UCI), international cycling's regulatory



Philippe Vlaemminck,  
advisor to the WLA and EL on  
European and international  
legal questions

body. The case has been taken up by the Commission in the infringement procedure against France, while Belgium was requested to provide a full explanation about the Belgian policy. Nobody knows where this battle will lead, but clearly none of the Member States involved intend to permit sport sponsorship by an illegal remote gambling operator.

## Data protection back in court

Third, intellectual and commercial property rights remain a thorny problem, especially in the horseracing sector. Remote gambling operators have frequently used data from protected racing databases as well as pictures of well-known football players to support unlawful operations.

Recently ATG, the Swedish state-owned monopoly on horserace betting announced it was taking Unibet to court for stealing information from ATG's horseracing database over a period of several years. The database includes race results, upcoming race information and other details.

Four cases relating to football and horseracing databases have been referred to the European Court of Justice to date. Although the football cases were totally different from the horseracing case, the ECJ took all the cases together.

Database protection within the EU is regulated by Directive 96/9/EC, which defines a database as "a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means."

The Directive introduced a new form of protection, largely based upon an old Scandinavian catalogue protection right. The EU's "sui generis right" regulates the extraction and re-utilization of all or a

*Nobody knows where the battle will lead, but clearly none of the Member States involved intend to permit sport sponsorship by an illegal remote gambling operator.*

substantial part of a database in which a substantial investment has been made to obtain, verify or present the contents. This right was. The database maker's *sui generis* right is violated by the unauthorized extraction and/or re-utilization of the contents of the protected database.

Readers will remember the case in 2000 in which the British Horseracing Board (BHB) sued William Hill over the unauthorized use of BHB's horse track database on William Hill's website. In three very different cases, Fixture Marketing Ltd also took legal action against Oy Veikkaus, Svenska Spel and OPAP over the use of the Premier League fixture lists. All these cases were referred to the European Court of Justice.

The English judge who referred the BHB case to Luxembourg did this with the conviction that the ECJ would consider the *sui generis* right fully applicable. However, Luxembourg's surprising interpretation of the right led to both BHB's and Fixture Marketing's claims being denied.

As the European Court established, even though BHB and Fixture Marketing had made substantial investments in developing their sports database or fixtures list, those investments were related to the creation of the data, which is not what the *sui generis* right tends to protect.

The Court decided that the resources used to draw up a list of horses in a race and

check accuracy, and to establish fixture dates and times for football matches, were not covered the Directive as they relate to the creation of the data.

## Not just a business relationship

For lotteries, retaining the right to use fixtures lists was logical, and the rulings came a welcome victory after years of uncertainty and battling in the courts. For BHB the loss was quite unexpected. They had made substantial investment in creating a serious database including more than only horseracing data.

The three quite different areas show how difficult the relation between sport and lotteries can be – and how much tougher it would be in a more liberalized gambling environment. The sustainable future of sport, especially amateur and grass root sport, depends largely upon lottery support. Private gambling operators simply do not provide the same level of support, whatever they promise or claim, and however visible they may be in the sports arenas of the world.

## EL Code of Conduct

To enhance this interaction between lotteries and the sport sector, European Lotteries (EL) has adopted the EL Code of Conduct on Sports Betting, outlining fundamental rules of ethics that lotteries agree to uphold when organizing sport betting. The President of UEFA has welcomed the initiative in a letter to the President of EL.

# Clint Harris

Executive Director, Minnesota State Lottery



When Clint Harris arrived from South Dakota to become Minnesota's second lottery director on October 11, 2004, he did so under circumstances faced by few others in the lottery industry. His appointment followed the death of George Andersen, the Lottery's longtime director, and the release of a legislative audit critical of the Lottery's financial and marketing practices. While the initial response to the audit had fallen to Interim Director Mike Vekich, it was up to Harris to implement many of the recommendations, to re-energize a badly demoralized staff, and to continue the rebuilding effort Vekich had begun.

"Clint Harris has a remarkable track record of careful stewardship and solid revenue growth in South Dakota," said Minnesota Governor Tim Pawlenty when he announced his selection of Harris. "We are extremely fortunate to have found such an effective and responsible leader like Clint Harris to head up the Minnesota Lottery." The Lottery's record since then bears out Governor Pawlenty's confidence. Harris' three years at the helm are the three highest for sales and revenue in the 17-year history of the Lottery.

### Growing up in the Philippines

Yet Harris' path to the position was anything but conventional. He was born in New Jersey but spent much of his childhood in the Philippines, where his father worked as an Episcopal priest. "My time in the Philippines was a very valuable learning experience," says Harris. "I learned how to adapt to a completely different culture and what it is like to be a member of a minority group." These lessons would prove useful when the family returned to the United States, where he attended school first in inner-city New Jersey and then in a mining community in rural Pennsylvania before winding up

in Mobridge, South Dakota (population 3,500) where his father worked on ministry to Indian reservations in the area.

After graduating from high school Clint attended Northern State University in Aberdeen, South Dakota, where he earned a Bachelor of Science degree. He later received a Master's degree in Business Administration from the University of South Dakota. While getting his two degrees, he also began a 17-year career in the retail grocery business, working for a large independent grocery store in Aberdeen. This proved to be of great value for a career in the lottery industry. "We were a lottery retailer," Harris recalls, "and so in addition to everything I learned about managing a business, I learned about selling lottery tickets, and I learned it from the retailer's perspective. When I



talk to our retailers, I know what they are up against and I know how the Lottery fits in with the rest of their business. I can explain the value of the Lottery in terms they understand."

Harris joined the South Dakota Lottery in 1993 as a research analyst and was named director of administration two years later. Governor Bill Janklow appointed him acting executive director in May 2000, and three years later Governor Mike Rounds officially appointed him to the executive director position. His four years at the helm in South Dakota resulted in four years of record transfers of revenue to the State.

Since then, Harris and the Minnesota State Lottery have become known as industry leaders in North America. Clint is finishing his term as NASPL President and previously served the association as Vice-President,

Secretary, and Treasurer. He was recently elected chair of the Powerball group of the Multi-State Lottery Association (MUSL), making him responsible for the strategic direction of the country's most widely distributed lottery game.

### Setting standards of leadership

Under his direction, the Lottery hosted the 2005 NASPL annual conference and earlier this year played host to the WLA Academy seminar on Key Performance Indicators. Harris has also been a leader in NASPL's standards initiative. "Our growth depends on our success in working with a changing retail environment," he explains. "The development of industry-wide standards is critical to our ability to work successfully with the multi-state and multi-national corporations that have an increasingly large presence in the retail environment."

Harris has also continued Minnesota's leadership role in corporate social responsibility. "We work very closely with the organizations that assist problem gamblers at both the state and national level and have been involved in the development of the WLA Responsible Gaming Framework. It is my goal to be the first US lottery to achieve Level 4 of the framework, and I hope every other director will strive for this as well. It's the right thing to do, and it needs to be a top priority for every member of the WLA and NASPL." Harris adds that the Minnesota State Lottery for the first time has included specific social responsibility goals and objectives in the Lottery's strategic plan.

Along the way, Harris married his college sweetheart. Clint and Dawn have been married more than 30 years and have three children: Eric, Chad and Samantha, as well as three grandchildren. And the avid baseball fan has discovered a side benefit to the move to Minnesota. "I now can buy season tickets to my beloved Minnesota Twins."

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## WLA Academy

Responsible Gaming Framework Workshop and Seminar, Brisbane, Australia May 29-June 1, 2007

Thirty executives from lotteries and other organizations gathered in Brisbane to share experiences and support the WLA Responsible Gaming Framework under the inspiring leadership of Golden Casket CEO Bill Thorburn. Presentations by outside experts, including Graham Paterson from the Westpac banking organization, provided solid learning from non-lottery enterprises, underpinning the need for a solid, trusted framework for Corporate Social Responsibility in general and responsible gaming in particular.

The WLA Responsible Gaming Framework was enhanced and adjusted to fit the practical realities faced by lotteries every day. Under the guidance of Anne Pattberg and Janet MacBeth, specific elements of the Framework were updated. The Framework is now ready for implementation (see page 10).

Key questions raised by the participants at the Brisbane seminar included:

- How does this framework help me to run my lottery more responsibly
- What does my lottery need to do to become and stay a benchmark for responsible gaming?
- How do I conduct a self-assessment?
- What specific elements must be checked?
- How do I apply for this best practice certification?

Participants concluded that the new WLA Responsible Gaming Framework, with its four different levels, is robust, workable and necessary. All members are expected to become active ambassadors of the Framework and thus build our joint reputation as the global platform for Building Sustainable Gaming Excellence!

Interactive Gaming Joint WLA/EL seminar Helsinki, Finland June 10-13, 2007

Electronic media are evolving ever faster, changing consumer needs and habits on a daily basis. Recognizing that the future

of lottery will be increasingly interactive, participants traveled to Helsinki seeking answers to the following questions:

- How are these changes affecting lotteries today and what do we need to do to stay ahead of the game?
- What is entertaining for the consumer and what do consumers perceive as added value?
- How can lotteries use interactivity to increase business?

In a brief overview of lottery interactivity worldwide, it was established that the potential of new technologies has not yet been fully realized. The presentations that followed confirmed that consumers do indeed want interactivity and that online gaming can and does provide it. However, a brand will never be stronger than its perceived value. Consumers want to get involved but only if they perceive added value. Creating a good time for consumers is creating value for them, and this is essential in online gaming. Social interaction and value-adding content are therefore key success factors for online gaming.

Online poker was a hot topic at the Helsinki seminar. The onslaught of private online poker rooms has put pressure on state lotteries, and Svenska Spel is one of the first to beat the private poker rooms at their own game.

Gaming via mobile handset is another growing trend. As lotteries move ahead, it will be important for them to integrate mobile services into the next generation of interactive content. Here again, Svenska Spel has been expanding its value proposition to consumers in Sweden, extending the gaming experience from the web to the mobile phone.

The mobile entertainment market is growing by up to 20% a year and the trend is expected to continue. Participants agreed that convergence is necessary to meet the demands created by the new technology. The same content available on the web must be adaptable to multiple devices.

The WLA thanks Veikkaus and European Lotteries for their cooperation in making this an exciting and informative seminar. Interactive gaming is clearly an area of

## Upcoming seminars

November 25-28  
Creative Sports Betting  
Punta del Este, Uruguay  
WLA seminar supported by CIBELAE

For more details and a complete list of 2007 WLA seminars, please visit our website: [www.world-lotteries.org](http://www.world-lotteries.org)

## WLA Conventions

October 19-24, 2008  
Discover the island of Rhodes  
2008 WLA Convention and Trade Show hosted by OPAP.  
Rhodes, Greece

opportunity and immense potential for the worldwide lottery community and we look forward to continuing this track of the WLA Academy curriculum in the future.

Erewhon case study program  
Mangalia, Romania  
June 17-21, 2007

Twenty-two eager lottery professionals from around the world gathered in Romania to provide the Erewhon State Lottery with guidance on numerous real-life lottery problems and opportunities. Groups of five or six participants got together to develop strategies and day-to-day responses to issues ranging from scam tickets to lost tickets and retailer mistakes.

WLA members from Australia to Greece and from Mali to the United States were represented, and gave the solutions their best collective energy. It must be said that the energy put into the sessions by Guy Simonis stimulates participants to do their very best and more! The WLA thanks Loteria Romana for their hospitality, and looks forward to using Guy's thinking again for the Lottery Business from A to Z seminar in Togo from August 28-30, 2007.



# The Future is Our Game



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## Corporate news

**Betware** recently became the interactive gaming service supplier to Spain's Loterías y Apuestas del Estado, signing a contract with Sistemas Técnicos de Loterías del Estado (STL). Under the contract, the Iceland-based company has been appointed as STL's primary supplier for new games and services on the web, mobile and digital TV.

Interactive gaming strategies are also an area of specialization at **Accenture**. Portugal's national lottery, for example, has worked with Accenture to develop a multi-channel gaming portal based on a Service Oriented Architecture – a relatively new approach to IT platform design that optimizes the delivery of services while capturing important insight about the customers using them.

### Know your customer

Lottery operators and their suppliers are well aware of the growing importance of customer databases – not only as a marketing tool but as a way of protecting the integrity of the lottery and promoting responsible gaming. **ACE Interactive's** parent company Aristocat, for example, recently joined forces with a Nevada-based company specializing in Customer Relationship Management and business intelligence solutions for gaming companies.

Ireland's largest bookmaker, Paddy Power, has selected **Boss Media** to deliver an on-line gaming system based on the Swedish company's latest casino platform. It includes a sophisticated back-office toolkit that will be integrated with the existing customer base and payment solution, enabling cost effective communication with the established player database.

Whatever the distribution channel, gaming operators need to handle enormous quantities of data. From its base in the graphical industry, **Strålfors** is now also a market leader in "information logistics".

Recent acquisitions and disposals have reflected the Swedish company's ongoing process of streamlining around its core businesses.

WLA Contributors are also on the front line in the fast-changing bricks-and-mortar retail environment. At the EL Conference in Budapest this year, **Wincor Nixdorf** gave a vivid demonstration of lottery retail trends on a 40-inch touchscreen with an integrated processing unit. Computer animations showing different ways of playing games provided a valuable starting point for discussions with fellow lottery professionals.

The supplier industry is helping to harness the latest technology at every level of the lottery operation. As well as providing state-of-the-art terminals for lottery points of sale, **IBM** is working with the Danish Gaming Board to develop and maintain sophisticated control systems, helping to ensure that adequate security measures are in place and that the correct amount is paid to bona fide winners.

### Content is king

However they are distributed, what sells lottery products is high-quality content. **Pollard Banknote** of Canada recently added Mr. Bean™ to its licensed properties portfolio. Associated with the type of side-splitting, universal humor that appeals to a wide demographic, the character is a perfect fit for an instant ticket. And like the character himself, Pollard's timing is impeccable, coinciding with the worldwide release of Mr. Bean's Holiday, which has already grossed more than \$160 million at the box office.

### Platinum Contributors



### Gold Contributors



### Silver Contributors



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