Province to probe lottery retailers

Opposition wants outside investigator

Statisticians lay bets there was fraud

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ROB FERGUSON AND CURTIS RUSH
STAFF REPORTERS

Queen's Park has ordered a probe of the Ontario Lottery and Gaming Corporation's security measures in the wake of allegations that an astonishing number of inside retailers have won prizes of $50,000 or more since 1999.

"If there is anything we can do to strengthen that we certainly will act," David Caplan, the minister responsible for the corporation, said yesterday.

Caplan said he has ordered OLGC officials to report back "as soon as possible" on ways to fix any problems following a CBC documentary that suggested unscrupulous vendors were stealing winning lottery tickets from customers.
But opposition parties immediately slammed Caplan as not doing enough, with the NDP calling for an "independent, third-party" investigation by Ontario's provincial auditor and the Tories saying only a police probe would clear the air.

"We've got a small group of 200 very lucky lottery retailers who have managed to beat tremendous odds. That should ring alarm bells," said New Democrat MPP Peter Kormos.

"Unless it's explained, unless it's investigated, unless it's addressed, people are going to lose confidence in Ontario's lottery and gaming system. And that's a serious problem for the government," said Kormos.

Ontario lottery corporation officials, meanwhile, are standing by their security system in the wake of the allegations. Teresa Roncon, spokesperson for the OLGC, insisted Tuesday the corporation doesn't believe there are widespread irregularities.

"We have to investigate the methodology first," she said. "We take this very seriously, but we have grave concerns over the methodology of the numbers.

"We would like a chance to properly examine the conclusions that they've reached."

Roncon was referring to University of Toronto professor Jeffrey Rosenthal's statistical analysis carried out for the fifth estate.

Rosenthal's numbers suggest that the real odds of 214 insiders claiming major prizes in those years are one in a trillion, trillion, trillion, trillion — that's a 1 followed by 48 zeroes.

In its Tuesday night report, CBC claimed that two-thirds of wins by so-called insiders may have involved deception by unscrupulous vendors who stole customers' winning tickets.

Rosenthal, a statistician with the University of Toronto, claims the chances of so many vendors winning by chance are so small that "almost anything you can think of is more likely."

The odds that you'll be hit by lightning in the next year are one in 5 million; that you'll be killed in your next vehicle trip one in 7 million, according to Rosenthal, author of Struck by Lightning: The Curious World of Probability.

Roncon says the lottery calculations are off.

"We don't know if they've used the correct retailer base," she said, adding that there are more than 140,000 people in the province that sell its products. "In the sit-down interview I did with them (CBC), they presented a very simplistic mathematical equation. It speaks to the fact they don't understand the complexities of our business."

Statistical experts the Toronto Star contacted supported Rosenthal's findings.

Fred Hoppe, professor of mathematics and statistics at McMaster University, calculated that no more than about 20 retailers should have won major prizes, depending on assumptions made about how many
retailers play the lottery.

Peter Bell, professor of management science and information systems at the University of Western Ontario, said in an email that "it is naïve to suggest there is zero theft going on."

Roncon said there's no denying some fraud exists. "There's room for fraudulent behaviour in any business in any part of the world. But by and large, we think retailers are honest people."

The OPP have laid two fraud charges involving lottery wins since 2001, one in Orillia and another in Coboconk.

With files from peter edwards

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