**Section 1770.40 License Revocation Without Prior Notice**

a) Pursuant to Section 10.1 of the Lottery Law, the Director must act to assure that no person whom the Lottery Law declares to be ineligible for a license is granted a license, and that no Agent who becomes ineligible under the Lottery Law is allowed to remain as an Agent.

1) The Director may revoke or suspend a license without notice or prior hearing when the Agent has:

A) violated any of the provisions of the Lottery Law or this Part;

B) failed to meet or maintain the eligibility requirements for licensing as provided in the Lottery Law and this Part, and the conditions of licensing set forth in Section 1770.60;

C) been found guilty of fraud, deceit, misrepresentation or other conduct prejudicial to public confidence in the Lottery, including misrepresentation or failure to disclose a material fact on its application for the sale of Lottery game tickets;

D) been convicted of a felony, reasonably related to the responsibilities of selling Lottery products, in any jurisdiction, unless the requirements of Section 10.1 of the Act have been met;

E) in contravention of the agent's fiduciary duty:

i) commingled and has failed to segregate Lottery funds as a "trust fund" as required by the Lottery Law;

ii) failed to surrender Lottery funds and/or unsold instant tickets upon demand by the Department or its authorized agent;

iii) carried an accounts receivable balance in excess of $500 for more than 90 days; or

iv) failed to post a bond or security deposit as required by the Director;

F) failed to take reasonable security precautions with regard to the handling of Lottery game tickets and related materials;

G) untimely offered new Lottery products for sale, altogether ceased to offer Lottery products for sale, or changed business ownership, (see Section 1770.80(d)), with no prior notice to the Department by the seller or buyer;

H) demonstrated, based on information made available to the Director after the Agent was licensed, that the Agent's character and general fitness are such that participation as an Agent is inconsistent with the public interest, convenience and necessity;

I) demonstrated, based on information made available to the Director after the Agent was licensed, that the Agent or an employee has engaged in discrimination and harassment inconsistent with the public interest and State and federal law;

J) demonstrated insufficient financial stability, integrity and responsibility to conduct Lottery activities;

K) demonstrated insufficient business ability and experience to create and maintain successful Lottery activities;

L) filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt;

M) been served with a complaint or other notice filed with any public body regarding a payment of any tax or child support required under any law in any jurisdiction, when the Agent has been in breach for one or more years; or

N) currently or previously been a defendant in litigation involving business practices that would call into question suitability to be licensed.

2) The Director may revoke or suspend a license without notice or prior hearing when the Agent, or an employee of the Agent responsible for Lottery game ticket sales, has:

A) *engaged in* *bookmaking or other forms of illegal gambling, theft or fraud in any jurisdiction*; or

B) sold a Lottery ticket to a person under the age of 18 or permitted any person under the age of 18 years to use a Lottery terminal or application.

3) The Director will assess a fine of no more than $5,000 if a licensee has violated any provision established under this subsection (a).

b) In the event the Director revokes or suspends a license without notice and an opportunity for a prior hearing, the Director shall, by service of appropriate notice pursuant to 11 Ill. Adm. Code 1700.30 and this Part, afford the person whose license has been revoked an opportunity for a hearing within 30 days after the revocation order has been issued. As a result of any such hearing, the Director may confirm the action revoking the license or may order the restoration of the license. In determining whether to confirm the action revoking the license or order the restoration of the license, the Director shall take the following factors into consideration, if applicable:

1) The Agent's history of past offenses;

2) Whether the Agent's course of conduct constituted a threat to the safety of the Agent, Department officials, or others;

3) Any evidence of the Agent's ignorance of a material fact that led to his or her improper or unlawful conduct;

4) The degree of cooperation with Department officials exhibited by the Agent;

5) The degree to which the Agent profited economically as a result of the Agent's conduct;

6) Any other evidence offered and noted by the Administrative Law Judge as demonstrating factors in mitigation or factors in aggravation of the relief sought in the complaint.

c) Upon revocation of the Agent's license, the Department will arrange, and the Agent shall participate in, a meeting with the Department's representative for the purpose of rendering the Agent's final Lottery accounting. At that meeting, the Agent shall surrender the license, unsold Lottery game tickets and other Lottery equipment and materials supplied to the Agent by the Department or its vendors.

d) Nothing in this Section shall be construed to prevent the immediate revocation of the Agent's license upon the Agent's request and the Department's approval, or upon the effective date of a transfer for which the Department has received written documentation (see Section 1770.80). The right to a hearing shall not apply in these circumstances.

(Source: Amended at 47 Ill. Reg. 13924, effective September 18, 2023)