**Section 1770.90 Delinquent Financial Obligations**

a) It is the obligation of each Agent to remain current on the Agent's financial obligations to the Department. Lottery accounts are due and owing, in full, each Wednesday, unless the Agent has been notified by the Department of an alternate settlement day due to a bank holiday or other business disruption. Accounts not settled on the designated settlement day shall be deemed delinquent.

b) The Department will apply sanctions with respect to delinquent Agent accounts, according to the following schedule of sanctions:

1) First delinquency: In the event an Agent is delinquent in settlement of that Agent's Lottery account, and the delinquency is the first within the past 30 days, including the month of delinquency, the Agent will transfer the funds to the Department's account by 4:00 p.m. the next business day, if the delinquency was reported before noon (12:00 p.m.), or by 10:00 a.m. the second business day if the delinquency was reported after noon. If the delinquent settlement amount is paid by the extended settlement deadline, the Agent will be charged with one delinquency but will receive no further sanction. However, if the settlement amount is not paid by the extended settlement deadline, the delinquent Agent's terminal and any related terminals will be immediately deactivated and the account will be referred to the Lottery's accounts receivable staff. The terminal or related terminals will not be reactivated until the follow-up report is received and reviewed by the Department's Chief Financial Officer or designee;

2) Second delinquency: In the event an Agent is delinquent in settlement of that Agent's Lottery account, and the delinquency is the second one in the past 90 days, including the month of the delinquency, the delinquent Agent's terminal or related terminals will be immediately deactivated and the Agent will be charged with a second delinquency. When the delinquent settlement amount is deposited to an account at a branch of the Department's chosen bank or wire transferred to the Department's account, the terminal or related terminals will be reactivated unless the second incident is within one month after the first, or the payment was made after the extended payment deadline. If this occurs, the terminal and any related terminals will be reactivated only after review and approval by the Department's Chief Financial Officer or designee. In determining whether to reactivate a terminal or related terminals, Department staff may consider the Agent's prior history, general financial status as disclosed by a current credit report, ability to provide a security deposit, letter of credit or bond to protect against future delinquencies, and other relevant financial and administrative information as may be available to or requested by the Department;

3) Third delinquency: In the event an Agent is delinquent in settlement of that Agent's Lottery account or any extended payment deadline, and the delinquency is the third one in the past 12 months, including the month of the delinquency, the delinquent Agent's terminal and any related terminals will be immediately deactivated and the Agent will be charged with a third and final delinquency, at which point the Department will revoke an Agent's license.

c) The Department may suspend or revoke an Agent's license after review of a delinquency, at any stage, if the Director determines that suspension or termination is in the best interest of the Lottery. Prior to making a determination to suspend or revoke, the Department will conduct an evaluation of the circumstances surrounding delinquency, including a review of a delinquent agent's past delinquency record, in order to differentiate between incidental agent management error and lack of financial stability or responsibility.

d) It is the responsibility of the Agent to ensure that all payments due to the Department are properly prepared. Failure to properly prepare and tender any payment due to the Department shall not be an excuse for failure to fulfill obligations due to the Department.

e) The deactivation or removal of an on-line terminal, or the suspension or revocation of the license of an Agent, shall not relieve the Agent of liability for any obligation due to the Department.

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