**Section 1770.190 Prize Payment, Claiming** **or Redeeming** **of Prizes and Transfers to Common School Fund**

a) The prize structure may vary with each game and will be established at the beginning of the game by the Private Manager, subject to the approval of the Department. The prize structure, odds of winning, the manner in which winners are determined, the claim period for the game and various procedural matters will be set forth in game rules and play instructions.

b) A winning Lottery game ticket with a face value of $599 or less may be redeemed by submitting the winning ticket to a Lottery retailer that sells the type of game won, and may be paid by the Agent directly from ticket sales funds on hand after the Agent follows verification procedures that establish that the ticket is a winning ticket, examines the ticket for alteration, verifies that the prize claim period has not expired, and requests proof of age from the claimant if appropriate. iLottery claims up to $599 or less are posted automatically to the player's Lottery internet account, with no further action required by the internet player, unless the player's winning exceed the maximum wallet threshold of $2000 at which point the player's winnings will automatically by mailed to them via a check. However, when a winning ticket is presented for payment at a Lottery retailer after the expiration of any Agent claim period established in game rules, and the winning ticket has a face value in excess of $600, or as the Department's verification procedures require, the Agent shall follow the claim procedures set forth in subsection (c).

c) Winning Lottery Game Tickets with a face value of up to $25,000 may be redeemed at Lottery prize centers, provided that the claimant is an individual or is a partnership or other legal entity receiving payment under a Federal Employer Identification Number and is not subject to offset of the prize due to amounts owed the State of Illinois. Payment of prizes at prize centers is subject to established claim periods, procedures and validation tests.

d) All claims for prizes of more than $25,000, as well as claims for lesser prizes not paid by the Department at a prize center or by an Agent pursuant to subsection (b), must be paid centrally by the Department. Claimants may obtain claim forms from any Lottery office, by mail or from the Lottery's website. When initiating a claim in person, a claimant shall complete the name and address area on the reverse of the Lottery game ticket and present proof of identification and the winning ticket. The Department employee will assist the claimant in filling out the claim form, which will be signed by the employee and by the claimant or his or her authorized representative. The claimant or authorized representative will receive a copy of the claim form as a receipt. The winning Lottery game ticket and a copy of the claim form will be sent to the Department's offices in Springfield, Illinois, for verification. When the ticket is verified as a winning ticket, the prize will be mailed to the claimant.

e) Prizes in the amount of $1,000,000 or more may be claimed only at the Department's prize centers or administrative offices in Springfield and Chicago, or an alternate site mutually agreed to by the Department and the claimant, and, absent extenuating circumstances, only by appointment so that appropriate Department personnel are available to assist in the claim process. The Director may require claimants, or the claimant's authorized representative if the Department determines it necessary (e.g., claimant is physically unable, fear for the safety of the claimant) to participate in a press conference as part of the claim process, in order to assure the public that prizes are being awarded and maintain public trust in the Lottery. For purposes of press conference requirements, the claimants are the ultimate recipients of the prize, such as the beneficiaries of a trust, the partners in a partnership, or the members of a club or group.

f) Prizes with a face value of up to $599 not redeemed at a Lottery retailer but instead claimed by multiple winners playing as partners or as a group, with common ownership of a winning Lottery game ticket at the time of the prize drawing, shall be claimed in the individual name of one of the partners or members of the group. Payment of any claim filed on behalf of an individual group member shall be in the same manner as if filed on behalf of a single claimant.

g) Prizes of over $600 but less than $1,000,000 claimed by multiple winners playing as partners or as a group, with common ownership of a winning Lottery game ticket at the time of the prize drawing, may be claimed in the individual name of one of the partners or members of the group, but must be accompanied by a form 5754 setting forth the names, addresses, social security numbers (SSNs) and prize shares of all other persons entitled to a share of the prize. The Department will process a voucher payable to each individual listed on the form 5754, dividing the winnings as designated on the form 5754. The Department will then process payment vouchers to the Office of the Comptroller for preparation of warrants and end of year income tax withholding documents. Claim and payment may be made in a partnership name only if the partnership furnishes a Federal Employer's Identification Number (FEIN).

h) Prizes in the amount of $1,000,000 or more claimed by multiple winners with common ownership of a winning Lottery game ticket at the time of the prize drawing must be claimed in the name of a partnership, group or other entity, subject to the limitations set forth in this subsection (h).

1) If the prize claim is made in the name of a partnership, the claim must be supported by a copy of the partnership agreement signed by all partners, confirming that the partners had agreed to share any prize prior to purchasing the winning Lottery game ticket and specifying each partner's share of the prize. Payment will be made out to the partnership as a single payee under the partnership's FEIN, or to each of the individual partners under their SSNs, as requested in writing by the partnership's authorized representative. The ticket and claim form must be signed by one of the general partners on behalf of the partnership, and the claim form must be accompanied by a form 5754 setting forth the names, addresses, and SSNs of each partner. The partnership agreement shall be subject to review by the Department's legal staff and may not contain provisions contrary to law. When separate checks have been requested, the partnership must additionally furnish payment instructions for each partner.

2) If the prize claim is made in the name of a group, the claim must be supported by a written document signed by all group members confirming that the members had agreed to share any prize prior to purchasing the winning ticket. Group claims shall include a group name and the address and SSN of the representative signing the ticket and claim form and shall be accompanied by a form 5754 setting forth the names, addresses, SSNs and prize shares of all group members.

3) Claims by other entities such as corporations or trusts must be in the name of the entity as established according to applicable law, provide the taxpayer identification number of the entity and be signed by an authorized representative. Payment will be in the name and under the taxpayer identification number of the claiming entity.

i) Lottery clubs, charitable organizations, corporations, partnerships and other "artificial" persons shall be eligible to purchase Lottery game tickets. However, with respect to awards of prizes for life, those artificial persons shall be entitled to the minimum guaranteed prize.

j) Prizes claimed but unpaid at the time of a prize winner's death shall be treated as follows:

1) Any prize, or portion of a prize, remaining unpaid at the death of a winner, may be paid to the estate of the deceased prize winner, or to the designated trustee under a revocable living trust established by the deceased prize winner, as settlor, provided that a copy of the trust has been filed with the Department, along with a notarized letter of direction from the settlor, and no written notice of revocation has been received by the Department prior to the settlor's death. Following a settlor's death and prior to any payment to a successor trustee, the Director will obtain from the trustee and each trust beneficiary a written agreement to indemnify and hold the Department harmless with respect to any claims that may be asserted against the Department arising from payment to, or through, the trust.

2) At the election of the estate or successor trustee of an individual prize claimant, the estate or trustee may have the option to request, within six months from the date of death, that the annuity or equivalent investment securities procured by the Department for purposes of generating annual installment prize payments be liquidated at current market value. In the case of a prize claimed by a partnership or group, the right to request liquidation of the decedent's remaining prize may be available to the decedent's personal representative or successor trustee, but only if the decedent is entitled to receive one-third or more of the claimed prize. Upon receipt of a written request to liquidate the remaining prize, if the prize payment has been structured through purchase of an annuity and the annuity contract permits early liquidation, the Department will promptly notify the annuity company and request that the annuity be liquidated and the commuted (check) value be paid to the personal representative or successor trustee. If the Department has procured investment securities to generate income for satisfaction of future prize installments, the Department, as soon as practical after receiving a request for prize liquidation, and without jeopardy to the common investment position of other winners of grand prizes from the same drawing date as the decedent, will offer the decedent's share of the securities for market sale and shall pay the personal representative or successor trustee the proceeds of sales attributable to the decedent's prize. Prior to payment, the Department will deduct from the proceeds of sales any amount that may be required to restore the investment position of securities purchased for other same-date winners to the position held prior to liquidation. The balance of the proceeds of sale attributable to the decedent's prize shall be distributed to the personal representative of the estate or the successor trustee. Prior to authorizing liquidation of any prize, the Department will obtain, from each personal representative or successor trustee requesting liquidation, a complete release of liability of the Department for further payment with respect to the decedent's prize, beyond the amount actually realized through liquidation. Any election pursuant to this subsection (j)(2) must be in writing and shall be irrevocable.

3) If a prize for life winner passes away prior to receiving the guaranteed minimum payment for the game and prize won, the personal representative of the winner's estate or the successor trustee under a properly filed revocable living trust shall have the option to request liquidation of the investment securities funding the remaining guaranteed prize, following the process outlined in subsection (j)(2). If the estate or trustee does not claim this option, any guaranteed remaining prize obligation will continue to be paid to the life winner's estate or successor trustee, annually. If the guaranteed minimum has, in fact, been paid prior to the date the life winner passed away, then no payment will be due.

k) Unclaimed prize money will be retained by the Director for the person entitled to that prize money, for the duration of the claim period for the game won, as established by game rule. Thereafter, the unclaimed prize funds will be managed as provided in the Lottery Law.

l) Winning Lottery game tickets that provide entry into a preliminary grand prize drawing for any game must be received by the Department by the deadline established in the game rules. Entry tickets received after the preliminary grand prize drawing deadline for the game with respect to which the tickets were sold will be disqualified unless the game rules specifically provide that the entries will be carried over to a future drawing.

m) For prizes in excess of $10,000, a winner must identify the winner's place of employment, if any, to ensure the winner is not prohibited from Lottery play by the Lottery Law or this Part. For partnership and group claims, each partner must furnish employment information.

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