

1 AN ACT in relation to gambling.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Lottery Law is amended by
5 changing Section 13 and adding Section 13.1 as follows:

6 (20 ILCS 1605/13) (from Ch. 120, par. 1163)

7 Sec. 13. Except as otherwise provided in Section 13.1,
8 no prize, nor any portion of a prize, nor any right of any
9 person to a prize awarded shall be assignable. Any prize, or
10 portion thereof remaining unpaid at the death of a prize
11 winner, may be paid to the estate of such deceased prize
12 winner, or to the trustee under a revocable living trust
13 established by the deceased prize winner as settlor, provided
14 that a copy of such a trust has been filed with the
15 Department along with a notarized letter of direction from
16 the settlor and no written notice of revocation has been
17 received by the Department prior to the settlor's death.
18 Following such a settlor's death and prior to any payment to
19 such a successor trustee, the Director shall obtain from the
20 trustee and each trust beneficiary a written agreement to
21 indemnify and hold the Department harmless with respect to
22 any claims that may be asserted against the Department
23 arising from payment to or through the trust.
24 Notwithstanding any other provision of this Section, any
25 person pursuant to an appropriate judicial order may be paid
26 the prize to which a winner is entitled, and all or part of
27 any prize otherwise payable by State warrant under this
28 Section shall be withheld upon certification to the State
29 Comptroller from the Illinois Department of Public Aid as
30 provided in Section 10-17.5 of The Illinois Public Aid Code.
31 The Director shall be discharged of all further liability

1 upon payment of a prize pursuant to this Section.

2 (Source: P.A. 85-1224.)

3 (20 ILCS 1605/13.1 new)

4 Sec. 13.1. Assignment of prizes payable in installments.

5 (a) The right of any person to receive payments under a
6 prize that is paid in installments over time by the
7 Department may be voluntarily assigned, in whole or in part,
8 if the assignment is made to a person or entity designated
9 pursuant to an order of a court of competent jurisdiction
10 located in the judicial circuit where the assigning prize
11 winner resides or where the headquarters of the Department is
12 located. A court may issue an order approving a voluntary
13 assignment and directing the Department to make prize
14 payments in whole or in part to the designated assignee, if
15 the court finds that all of the following conditions have
16 been met:

17 (1) The assignment is in writing, is executed by
18 the assignor, and is, by its terms, subject to the laws
19 of this State.

20 (2) The purchase price being paid for the payments
21 being assigned represents a present value of the payments
22 being assigned, discounted at an annual rate that does
23 not exceed 10 percentage points over the Wall Street
24 Journal prime rate published on the business day prior to
25 the date of execution of the contract.

26 (3) The contract of assignment expressly states
27 that the assignor has 3 business days after the contract
28 was signed to cancel the assignment.

29 (4) The assignor provides a sworn affidavit
30 attesting that he or she:

31 (i) is of sound mind, is in full command of
32 his or her faculties, and is not acting under
33 duress;

1 (ii) has been advised regarding the assignment
2 by his or her own independent legal counsel, who is
3 unrelated to and is not being compensated by the
4 assignee or any of the assignee's affiliates, and
5 has received independent financial or tax advice
6 concerning the effects of the assignment from a
7 lawyer or other professional who is unrelated to and
8 is not being compensated by the assignee or any of
9 the assignee's affiliates;

10 (iii) understands that he or she will not
11 receive the prize payments or portions thereof for
12 the years assigned;

13 (iv) understands and agrees that, with regard
14 to the assigned payments, the Department and its
15 officials and employees will have no further
16 liability or responsibility to make the assigned
17 payments to him or her;

18 (v) has been provided with a one-page written
19 disclosure statement setting forth, in bold type of
20 not less than 14 points, the payments being
21 assigned, by amounts and payment dates; the purchase
22 price being paid; the rate of discount to present
23 value, assuming daily compounding and funding on the
24 contract date; and the amount, if any, of any
25 origination or closing fees that will be charged to
26 him or her; and

27 (vi) was advised in writing, at the time he or
28 she signed the assignment contract, that he or she
29 had the right to cancel the contract, without any
30 further obligation, within 3 business days following
31 the date on which the contract was signed.

32 (5) Written notice of the proposed assignment and
33 any court hearing concerning the proposed assignment is
34 provided to the Department's counsel at least 30 days

1 prior to any court hearing. The Department is not
2 required to appear in or be named as a party to any such
3 action seeking judicial confirmation of an assignment
4 under this Section, but may intervene as of right in any
5 such proceeding.

6 (b) A certified copy of a court order approving a
7 voluntary assignment must be provided to the Department no
8 later than 30 days before the date on which the payment is to
9 be made.

10 (c) A court order obtained pursuant to this Section,
11 together with all such prior orders, shall not require the
12 Department to divide any single prize payment among more than
13 3 different persons. Nothing in this Section shall prohibit
14 substituting assignees as long as there are no more than 3
15 assignees at any one time for any one prize payment.

16 (d) If a husband and wife are co-owners of a prize, any
17 assignment of the prize must be made jointly.

18 (e) A voluntary assignment may not include portions of
19 payments that are subject to offset on account of a defaulted
20 or delinquent child support obligation, non-wage garnishment,
21 or criminal restitution obligation or on account of a debt
22 owed to a State agency. Each court order issued under
23 subsection (a) shall provide that any delinquent child
24 support or criminal restitution obligations of the assigning
25 prize winner and any debts owed to a State agency by the
26 assigning prize winner, as of the date of the court order,
27 shall be set off by the Department first against remaining
28 payments or portions thereof due the prize winner and then
29 against payments due the assignee.

30 (f) The Department and its respective officials and
31 employees shall be discharged of all liability upon payment
32 of an assigned prize under this Section. The assignor and
33 assignee shall hold harmless and indemnify the Department,
34 the State of Illinois, and its employees and agents from all

1 claims, actions, suits, complaints, and liabilities related
2 to the assignment.

3 (g) The Department may establish a reasonable fee to
4 defray any administrative expenses associated with
5 assignments made under this Section, including the cost to
6 the Department of any processing fee that may be imposed by a
7 private annuity provider. The fee amount shall reflect the
8 direct and indirect costs associated with processing
9 assignments.

10 (h) If at any time the Internal Revenue Service or a
11 court of competent jurisdiction issues a determination
12 letter, revenue ruling, other public ruling of the Internal
13 Revenue Service, or published decision to the Department or
14 to any lottery prize winner declaring that the voluntary
15 assignment of prizes will affect the federal income tax
16 treatment of prize winners who do not assign their prizes,
17 the Department shall immediately file a copy of that letter,
18 ruling, or published decision with the Attorney General, the
19 Secretary of State, and the Administrative Office of the
20 Illinois Courts. A court may not issue an order authorizing a
21 voluntary assignment under this Section after the date any
22 such ruling, letter, or published decision is filed.

23 (i) A contract of assignment in which the assignor is a
24 lottery winner shall include a sworn affidavit from the
25 assignee. The form of the affidavit shall be established by
26 the Department and shall include:

27 (1) a summary of assignee contacts with the winner;

28 (2) a summary of any lawsuits, claims, and other
29 legal actions from lottery winners regarding conduct of
30 the assignee or its agents;

31 (3) a statement that the assignee is in good
32 standing in its state of domicile and with any other
33 licensing or regulatory agency as may be required in the
34 conduct of its business;

- 1 (4) a brief business history of the assignee;
- 2 (5) a statement describing the nature of the
- 3 business of the assignee; and
- 4 (6) a statement of the assignee's privacy and
- 5 non-harassment policies and express affirmation that the
- 6 assignee has followed those policies in Illinois.
- 7 (j) The assignee shall notify the Department of its
- 8 business location and mailing address for payment purposes
- 9 during the entire course of the assignment.