

## Senate Bill 689

### Public Act 93-0465

SB689 Enrolled

LRB093 09350 LRD 09584 b

AN ACT in relation to gambling.

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

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

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

Sec. 13. Except as otherwise provided in Section 13.1,  
no prize, nor any portion of a prize, nor any right of any  
person to a prize awarded shall be assignable. Any prize, or  
portion thereof remaining unpaid at the death of a prize  
winner, may be paid to the estate of such deceased prize  
winner, or to the trustee under a revocable living trust  
established by the deceased prize winner as settlor, provided  
that a copy of such a 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 such a settlor's death and prior to any payment to  
such a successor trustee, the Director shall 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.

Notwithstanding any other provision of this Section, any person pursuant to an appropriate judicial order may be paid the prize to which a winner is entitled, and all or part of any prize otherwise payable by State warrant under this Section shall be withheld upon certification to the State Comptroller from the Illinois Department of Public Aid as provided in Section 10-17.5 of The Illinois Public Aid Code. The Director shall be discharged of all further liability upon payment of a prize pursuant to this Section.

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

(20 ILCS 1605/13.1 new)

Sec. 13.1. Assignment of prizes payable in installments.

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

(1) The assignment is in writing, is executed by the assignor, and is, by its terms, subject to the laws

of this State.

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

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

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

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

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

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

(iv) understands and agrees that, with regard to the assigned payments, the Department and its officials and employees will have no further liability or responsibility to make the assigned

payments to him or her;

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

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

(5) Written notice of the proposed assignment and any court hearing concerning the proposed assignment is provided to the Department's counsel at least 30 days prior to any court hearing. The Department is not required to appear in or be named as a party to any such action seeking judicial confirmation of an assignment under this Section, but may intervene as of right in any such proceeding.

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

(c) A court order obtained pursuant to this Section, together with all such prior orders, shall not require the Department to divide any single prize payment among more than 3 different persons. Nothing in this Section shall prohibit

substituting assignees as long as there are no more than 3 assignees at any one time for any one prize payment.

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

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

(f) The Department and its respective officials and employees shall be discharged of all liability upon payment of an assigned prize under this Section. The assignor and assignee shall hold harmless and indemnify the Department, the State of Illinois, and its employees and agents from all claims, actions, suits, complaints, and liabilities related to the assignment.

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

(h) If at any time the Internal Revenue Service or a

court of competent jurisdiction issues a determination letter, revenue ruling, other public ruling of the Internal Revenue Service, or published decision to the Department or to any lottery prize winner declaring that the voluntary assignment of prizes will affect the federal income tax treatment of prize winners who do not assign their prizes, the Department shall immediately file a copy of that letter, ruling, or published decision with the Attorney General, the Secretary of State, and the Administrative Office of the Illinois Courts. A court may not issue an order authorizing a voluntary assignment under this Section after the date any such ruling, letter, or published decision is filed.

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

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

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

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

(4) a brief business history of the assignee;

(5) a statement describing the nature of the business of the assignee; and

(6) a statement of the assignee's privacy and non-harassment policies and express affirmation that the assignee has followed those policies in Illinois.

(j) The assignee shall notify the Department of its

business location and mailing address for payment purposes  
during the entire course of the assignment.

- 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.