

International Comparative Legal Guides



Gambling 2020

A practical cross-border insight into gambling law

Sixth Edition

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1 Relevant Authorities and Legislation

1.1 Which entities regulate what type of gambling and social/skill gaming activity in your jurisdiction?

Relevant Product		Who regulates it in digital form?	Who regulates it in land-based form?
Gaming	Casino gaming (including slots and casino table games such as roulette & blackjack)	Not permitted.	Illinois Gaming Board.
	Poker	Not permitted.	Illinois Gaming Board.
	Bingo	Not permitted.	Illinois Department of Revenue.
Betting	Betting	Not permitted.	Not permitted.
	Sports/horse race betting (if regulated separately to other forms of betting)	Illinois Racing Board; Illinois Gaming Board; Illinois Lottery Control Board and Department of the Lottery.	Illinois Racing Board; Illinois Gaming Board; Illinois Lottery Control Board and Department of the Lottery.
	Fantasy betting (payment to back a 'league' or 'portfolio' selection over a period of time, for example in relation to sport or shares)	Not permitted.	Not permitted.

Relevant Product		Who regulates it in digital form?	Who regulates it in land-based form?
Lotteries	Lotteries	Illinois Lottery Control Board and Department of the Lottery.	
Social/Skill arrangements	"Social" gaming with no prize in money or money's worth	Attorney General.	
	Skill games and competitions with no element of chance	Attorney General and State's Attorney.	

1.2 Specify: (i) the law and regulation that applies to the Relevant Products in your jurisdiction; and (ii) – in broad terms – whether it permits or prohibits the offer of Relevant Products to persons located in your jurisdiction.

Gambling is generally prohibited in Illinois, unless it falls under one of the exceptions specified in Article 28-1 of the Illinois Criminal Code. Article 28 sets forth a broad definition of what constitutes a gambling offence. Specifically, Article 28 provides that a person commits gambling when he or she knowingly: (1) plays a game of chance or skill for money or other thing of value, *unless such conduct falls within a specific exception as set forth in the statute*; (2) makes a wager upon the result of a game, contest or any political nomination, appointment or election; (3) operates, keeps, owns, uses, purchases, exhibits, rents, sells, bargains for the sale or lease of, manufactures or distributes any gambling device; (4) contracts to have the option to buy or sell any grain or other commodity under certain circumstances; (5) owns or possesses any book, instrument or apparatus by means of which bets or wagers have been, or are, recorded or registered, or possesses any money which he or she has received in the course of a bet or wager; (6) sells pools upon the result of any game or contest of skill or chance, or political nomination, appointment or election; (7) sets up or promotes any lottery or sells, offers to sell or transfers any ticket or share for any lottery; (8) sets up or promotes any policy game or sells, offers to sell, or possesses or transfers any policy ticket, slip, record, document or other similar device; (9) drafts, prints or publishes any lottery ticket or share, or any policy ticket, slip, record, document or similar device (except as authorised by, and conducted in accordance with, the laws of the State); (10) advertises any lottery or policy game (except as authorised by, and conducted in accordance with, the laws of the State); or (11)

establishes, maintains or operates an Internet site that permits a person to play a game of chance or skill for money or other thing of value by means of the Internet, or to make a wager upon the result of any game, political nomination, appointment or election by means of the Internet (except as authorised by, and conducted in accordance with, the laws of the State).

Exceptions to the statutory definition of gambling include: (1) agreements to compensate for loss (i.e., insurance contracts); (2) offers of prizes, awards or compensation to the actual contestant in a *bona fide* contest for the determination of skill, speed, strength or endurance, or to the owners of animals or vehicles entered in such contest; (3) *pari-mutuel* betting as authorised by the laws of the State, including the Horse Racing Act of 1975 (230 ILCS 5/1 *et seq.*); (4) manufacture of gambling devices, including acquisition of essential parts, for transportation to any place outside Illinois when not prohibited by applicable Federal law or as authorised under the Illinois Video Gaming Act (230 ILCS 40/1 *et seq.*); (5) bingo, as authorised by the Bingo License and Tax Act (230 ILCS 25/1 *et seq.*); (6) lotteries, as authorised by the Illinois Lottery Law (20 ILCS 1605/1 *et seq.*); (7) possession of an antique slot machine that is not used in the operation or promotion of any unlawful gambling activity; (8) raffles and poker runs, as authorised by the Raffles and Poker Runs Act (230 ILCS 15/1 *et seq.*); (9) charitable games, as authorised by the Charitable Games Act (230 ILCS 30/1 *et seq.*); (10) pull tab and jar games, as authorised by the Pull Tab and Jar Games Act (230 ILCS 20/1 *et seq.*); (11) gambling games conducted on riverboats, as authorised by the Illinois Gambling Act (230 ILCS 10/1 *et seq.*); (12) video gaming terminal (“VGT”) games, as authorised by the Illinois Video Gaming Act (230 ILCS 40/1 *et seq.*); (13) games of skill or chance where no purchase is required to participate; (14) certain other promotion raffles, as authorised by the laws of the State and the related rules and regulations promulgated under each relevant Act; and (15) sports wagering, as authorised by the Sports Wagering Act (230 ILCS 45/25 *et seq.*).

The Illinois Racing Board (the “IRC”) has jurisdiction to regulate every person who holds or conducts any meeting within the State of Illinois where horse racing is permitted for any stake, purse or reward. The IRC consists of 11 members appointed by the Governor with the advice and consent of the Senate, not more than six (6) of whom shall be of the same political party.

The Illinois Gaming Board (the “IGB”) has jurisdiction to regulate every person, association, corporation, partnership and trust involved in riverboat or casino gambling operations, video gaming operations and sports wagering operations in the State of Illinois, including any such operations authorised at an airport or Organisation Licensee. The IGB consists of five board members appointed by the Governor with the advice and consent of the Senate. The IGB’s staff conducts audit, legal, enforcement, investigative, operational and financial analyses to ensure the integrity of gambling operations.

The Illinois Department of Revenue (the “IDOR”) is responsible for regulating and issuing licences to conduct bingo games, games of chance involving cards, dice, wheels, random selection of numbers and gambling tickets which may be conducted at charitable games events, pull tabs and jar games.

The Illinois Lottery Control Board (the “ILCB”) and the Department of the Lottery (the “DOL”) are responsible for implementing and regulating the State Lottery. The ILCB consists of five (5) members appointed by the Governor with the advice and consent of the Senate, not more than three of whom shall be of the same political party.

With respect to raffles, the Raffles and Poker Runs Act promulgates authority to the governing body of any county or municipality to establish a specific system for the licensing of organisations to operate raffles in accordance with the Raffles and Poker Runs Act and any additional restrictions set forth by the local governing body.

The Attorney General or State’s Attorney is authorised to enforce the Prizes and Gifts Act, which governs sweepstakes and promotions whereby no payment is required to participate but there remains an element of chance and a prize or gift award. Moreover, the State’s Attorney is generally authorised to enforce any violations of Article 28.

Finally, the Native American Gaming Compact Act (230 ILCS 35/1 *et seq.*) also requires Illinois’ Governor to submit a request for authority to the General Assembly prior to entering into any compact with a Native American tribe, authorising such tribe to conduct gaming in Illinois. Illinois does not currently have any Native American gaming activity in operation.

2 Application for a Licence and Licence Restrictions

2.1 What regulatory licences, permits, authorisations or other official approvals (collectively, “Licences”) are required for the lawful offer of the Relevant Products to persons located in your jurisdiction?

Any qualified person or entity may apply to the IGB for an Owner’s licence to conduct gambling operations or for a Supplier’s licence to provide gaming equipment and supplies, including real estate, under the Illinois Gambling Act. The IGB is now authorised to award up to 16 Owner’s licences for riverboat and casino gambling operations. There is no restriction on the number of Supplier’s licences that can be issued. An Organisation Licensee may also apply to the IGB for an Organisation Gaming licence, which allows for gambling operations to take place at the Organisation Licensee’s racetrack facilities.

Any qualified person or entity may apply to the IGB for a Terminal Operator’s licence, under the Video Gaming Act, for the purpose of maintaining and placing up to six VGTs in Licensed Establishments and 10 VGTs in large truck stop establishments (as defined by the Video Gaming Act). A Terminal Operator is prohibited from holding a Manufacturer licence or Distributor licence, and from owning, managing or controlling a Licensed Establishment. Moreover, each Terminal Operator is required to qualify as an Illinois resident. To apply for an establishment licence, an entity must either be a retail establishment that holds a liquor licence allowing for alcoholic liquor to be drawn, poured, mixed or otherwise served for consumption, or qualify as a fraternal organisation, veterans organisation or a truck stop (as defined by the Video Gaming Act). Additional restrictions on establishment applicants may apply based on their distance from an Organisation Licensee, under the Illinois Horse Racing Act, a riverboat or casino gambling operation, a school or a place of worship. The IGB also has discretion to restrict licensing to establishment applicants in a mall (as defined in the IGB’s rules and regulations) or if two or more adjacent locations are operated by the same or commingled ownership, or otherwise appear to be a single business.

The IGB is authorised to award master sports wagering licences to any Owner’s Licensee, any Organisation Licensee, up to seven sports facilities having a capacity of greater than 17,000 persons and up to three online-only providers. In addition, any sports wagering licensee may contract with an entity to conduct its sports wagering operations, provided such entity obtains a management services provider licence. The DOL may also issue one central system provider licence, pursuant to a pilot programme, whereby sports lottery terminals may be placed in up to 2,500 lottery retail locations in the first calendar year.

The Illinois Raffles and Poker Runs Act restricts the issuance of raffle licences only to *bona fide* religious, charitable, labour, business, fraternal, educational or veterans organisations that operate without profit and have been in existence for a period of five years immediately before making an application for a licence, with certain exceptions.

2.2 Where Licences are available, please outline the structure of the relevant licensing regime.

The Illinois Gambling Act affords the IGB the discretion to identify which positions must be approved by the IGB and must maintain suitability as a Key Person. Generally, the following individuals are required to be designated and approved as a Key Person for an Owner's licence: any person with an ownership interest or voting rights of more than 5%; the directors, chief executive officer, president and chief operating officer, or their functional equivalents; and a gaming operations manager or anyone with influence or control over the conduct of gaming. Certain exceptions are allowed for Institutional Investors (as defined by the Securities and Exchange Commission) that hold or acquire ownership interests in a licensee. In addition, any employee of a riverboat or casino gambling operation must hold an occupational licence. The following individuals are usually required to be designated and approved as a Key Person for a Supplier's licence: any person with an ownership interest or voting rights of more than 25%; the chief executive officer; and the chief operating officer, or their functional equivalents.

The Video Gaming Act similarly affords the IGB the discretion to identify which individuals must be designated and qualify as a Person with Significant Influence or Control ("PSIC"), for both Terminal Operator applicants and establishment applicants. Generally, this includes any owner of a Terminal Operator, any person that shares in the video gaming revenue, as well as any other person who holds a position or level of influence or control that is significant to regulatory concerns and obligations (i.e., the chief executive officer, chief financial officer, or their functional equivalents). With respect to Licensed Establishments, this includes all officers of the applicant (including the IGB-required video gaming manager), direct and indirect owners of the applicant who meet certain ownership percentage thresholds, any individual or entity who will otherwise share in the video gaming revenue of the Licensed Establishment and certain other individuals with control over video gaming operations at the applicant's premises, as determined on a case-by-case basis. In addition to Terminal Operators and Licensed Establishments, the IGB also issues licences to Manufacturers, Distributors, Suppliers, Terminal Handlers and Technicians to participate in the video gaming industry. The Video Gaming Act also requires the use of a Central Communication System (the "CCS"). The CCS provides real-time communication with, and control over, every active VGT.

2.3 What is the process of applying for a Licence for a Relevant Product?

Under the Illinois Gambling Act, the applicant for an Owner's, Organisation Gaming or Supplier's licence is required to complete an application form and submit an application fee. In addition, any individual or business entity that qualifies as a Key Person must also submit a disclosure form and undergo an investigation. The IGB will conduct a thorough investigation of the applicant and each Key Person. In reviewing the application, the IGB considers the applicant's and each Key Person's character, reputation, financial integrity and experience. This involves disclosing an individual's personal history, including familial relationships, education, employment, criminal background, litigation and a detailed review of one's financial history. Among other requirements, an applicant for an Owner's or Organisation Gaming licence must also demonstrate it has adequate business competence and experience, and that the proposed funding of the entire operation is adequate and from a suitable source. Moreover, an applicant for an Owner's or Organisation Gaming licence is required to submit details as to how it intends on establishing and maintaining a diversity programme to

ensure non-discrimination in the award and administration of contracts, as well as to promote equal opportunity for employment. It is the applicant's burden to establish, by clear and convincing evidence, that it meets all statutory requirements. If the IGB finds an applicant for an Owner, Organisation Gaming or Supplier's licence suitable, it will direct the IGB's Administrator to issue a licence upon payment of the licence fee.

The requirements for any Manufacturer, Distributor, Supplier or Terminal Operator applicant, and any PSIC, are similar under the Video Gaming Act. The application for video gaming establishments applying to host VGTs requires disclosure of all owners and officers of an applicant, and any indirect owners of an applicant subject to certain ownership percentage thresholds. In addition to the applicant itself, all direct owners and officers, as well as certain indirect owners who meet the applicable ownership percentage thresholds, are required to undergo a background investigation. The background investigation requires submission of fingerprints to the IGB and focuses predominantly on the individuals' criminal history and personal history, including compliance with Illinois and Federal tax obligations. Additionally, prior to licensure, the premises whereupon the applicant proposes to host VGTs must be inspected to ensure compliance with regulatory requirements.

An organisational licence is required to conduct horse race meetings. Only an Organisation Licensee can apply for and obtain an inter-track wagering licence for on-site *pari-mutuel* wagering. Only an Organisation Licensee or a person with operating control of a licensed racing facility can apply for and obtain an inter-track location wagering licence for off-track *pari-mutuel* wagering. Occupational licences are required for any individual whose work, in whole or in part, is conducted upon an Organisation Licensee's facilities, with some exceptions. Applicants will be subject to an investigation regarding the applicant's character and financial fitness, and certain individuals associated with each type of applicant will be subject to an investigation of their personal and criminal history. Occupational licence applicants are required to submit fingerprints to the Illinois Racing Board. Organisation Licensees or third parties who contract with an Organisation Licensee to conduct advance deposit wagering ("ADW") must also be licensed by the Illinois Racing Board.

Any individual or entity that wishes to sell lottery tickets at its establishment must obtain a sales agent licence from the Department of the Lottery. Illinois allows online lottery sales by licensed sales agents who are granted online status by the Director of the Department of Revenue and are otherwise authorised to sell online products.

2.4 Are any restrictions placed upon licensees in your jurisdiction?

While the IGB has the authority to place restrictions or conditions on any licence issued pursuant to the Illinois Gambling Act or Video Gaming Act, such restrictions are not routinely imposed. All licensees are required to comply with the IGB's rules, and the regulations promulgated thereunder, and the licences are not generally transferable. In addition, an applicant, Owner's Licensee or Organisation Gaming Licensee must immediately inform the IGB of certain changes and must receive prior approval for the following changes: Key Persons; type of entity; equity and debt capitalisation of entity; investors or debt holders; sources of funds; economic development plans or proposals; schedule of operations; capacity or design changes to the gambling operations; gaming positions; anticipated economic impact; and agreements relating to the acquisition or disposition of property of value greater than \$1,000,000. Licensees must request approval by the IGB and such approval must be granted during an open meeting.

Raffle licence requirements vary by municipality or county. Generally, there are restrictions on the date, time and location of the

event, as well as where, and by whom, tickets may be sold and the maximum value of the prize awarded.

2.5 Please give a summary of the following features of any Licences: (i) duration; (ii) vulnerability to review, suspension or revocation.

Under the recently amended Illinois Gambling Act, the initial Owner's licence, and any renewal, is valid for a four-year period and subject to a \$250,000 renewal fee. Similarly, the initial Organisation Gaming licence, and any renewal, is valid for a period of four years. The initial Supplier's licence is valid for a period of one year. Thereafter, the IGB has the discretion to renew the Supplier's licence for up to four years. Each year the licensee, and each Key Person, is required to submit materials to the IGB for its review. In considering the request to renew the licence, the IGB may examine the timeliness and responsiveness of the information submitted, the background, reputation, character and integrity of each Key Person, the continuing ability to maintain the quality of the products, overall compliance with all rules and regulations and any other information the IGB deems appropriate and necessary to maintain the public confidence in the credibility and integrity of gambling operations.

Under the Video Gaming Act, both the initial licence and any subsequent licence are valid for a period of one year. The renewal process for applicants under the Video Gaming Act is similar to the process set forth above for licensees under the Illinois Gambling Act. With respect to Licensed Establishments, it is critical that the establishment maintain a valid liquor licence and be current with all State and Federal tax obligations to remain qualified to hold a gaming licence.

Under the Sports Wagering Act, both the initial master sports wagering licence and any subsequent licence are valid for a period of four years.

An applicant and licensee have limited statutory rights in the event of a denial or non-renewal of their respective licence. The IGB has considerable authority to issue disciplinary actions against licensees. All requests for hearings and answers to disciplinary actions must strictly comply with the IGB's applicable rules and regulations. Generally, an applicant or licensee may pursue administrative review of any final decision by the Board in the circuit court, in accordance with the Illinois Administrative Procedures Act.

2.6 By Relevant Product, what are the key limits on providing services to customers? Please include in this answer any material promotion and advertising restrictions.

The Illinois Gambling Act restricts each Owner's licence to a maximum of 2,000 gaming positions (4,000 for the potential casino in Chicago and 1,200 for the casino in Williamson County) for each licence, determined in accordance with IGB rules. In addition, any enhanced pay out, tournament or giveaway must be documented in the Owner Licensee's internal control system and must be approved by the Administrator. The Illinois Gambling Act restricts each Organisation Gaming licence to a maximum of 1,200 gaming positions, if located in Cook County, and 900 gaming positions if located outside of Cook County.

Generally, under the Video Gaming Act, Terminal Operators are responsible for conducting advertising and promotional activities in a manner that does not reflect adversely on, or that would discredit or tend to discredit, the video gaming industry. The advertisement of video gaming is generally not otherwise restricted.

The Attorney General is responsible for enforcing the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 *et seq.*), which prohibits unfair or deceptive acts or practices, including false or misleading advertisements.

2.7 What are the tax and other compulsory levies?

Currently, under the Illinois Gambling Act, casinos are subject to a graduated tax ranging from 15% to 50% of annual gross receipts, dependent upon the total adjusted gross receipts for the period. For purposes of calculating this tax, "adjusted gross receipts" include gross receipts less winnings paid out; provided, however, that beginning January 1, 2020, the calculation of adjusted gross receipts shall not include the dollar amount of non-cashable vouchers, coupons and other promotions, with certain restrictions. Beginning when one of the six newly authorised casinos opens, the graduated tax will be assessed separately against table games and all other gambling games. Specifically, table games will be subject to a 15% rate for up to \$25,000,000 of annual gross receipts and 20% for over \$25,000,000 of annual gross receipts. All other gambling games will continue to be assessed as a graduated tax ranging from 15% to 50% of annual gross receipts.

Casinos are also subject to an admissions tax ranging from \$2 to \$3 per admission, depending on the admission totals for the previous calendar year. Applicants for an Owner's licence, Supplier's licence and occupational licence are required to pay an application fee, a licensing fee immediately upon licensure and an annual fee in connection with each annual licence renewal (or annual update submission, in the case of an Owner Licensee). In addition, a gaming position fee in the amount of \$17,500 (or \$30,000 if located within Cook County) is required for newly added positions (in excess of 1,200) at existing casinos and for each gaming position at one of the newly licensed casinos. Finally, a reconciliation payment is required based on adjusted gross receipts over a three-year period, as set forth in the Illinois Gaming Act.

Under the Video Gaming Act, net terminal income (defined as the total funds wagered less credits paid out to players) is subject to a 33% tax as of July 1, 2019 and a 34% tax beginning July 1, 2020. Also, the IGB imposes a fee to compensate the provider of the State-wide CCS linking all VGTs, which was initially set at 0.7275% and later increased to 0.8513%. After payment of the tax and CCS fee, the remaining net terminal income is split equally between the Terminal Operator and the Licensed Establishment. Additionally, the Act imposes an annual licence fee of \$100 per VGT. Many municipalities throughout Illinois impose a similar per-VGT or licence fee as well. Applicants for Terminal Operator, Distributor, Supplier, Manufacturer, Terminal Handler, Technician and Licensed Establishments are required to pay an application fee, a licensing fee immediately upon licensure and an annual fee in connection with each subsequent licence renewal.

Under the newly enacted Sports Wagering Act, the fees vary depending on where the sports wagering takes place. The fee for (1) each of the 10 existing Owner licences is 5% of adjusted gross receipts from the preceding calendar year but not exceeding \$10 million, (2) each of the six newly authorised Owner licences is \$5 million, adjusted after 12 months of operations based on 5% of adjusted gross receipts, (3) each of the three existing race tracks is the greater of (i) 5% of its handle from the preceding calendar year, or (ii) the lowest amount that is required to be paid by a casino licensee, (4) the newly authorised Organisation Licensees is an initial fee of \$5 million, adjusted after 12 months of operations based on 5% of its handle, (5) each of the seven sporting venues is \$10 million, and (6) online-only is \$20 million. In addition, the fee for a management services provider licence is \$1 million.

Under the Horse Racing Act, *pari-mutuel* wagering facilities, including inter-track wagering licensees located at facilities which are licensed to conduct horse races and off-site inter-track wagering locations, commonly referred to as off-track betting facilities ("OTBs"), are required to pay a flat *pari-mutuel* tax of 1.5%, plus additional *pari-mutuel* taxes imposed on ADW, along with an admissions tax and other surcharges. OTBs are also required to pay 2%

of their *pari-mutuel* handle to the host city and county. Applicants for an organisation licence, inter-track wagering licence and OTB licence, as well as applicants for an occupational licence, are required to pay an application fee and renewal fee. Gambling games at Organisation Licensees are subject to the same graduated tax rate as casinos.

Under the Illinois Lottery Law, individuals or entities seeking to obtain a licence to sell lottery tickets are required to pay an application fee and, once granted, a renewal fee each time the licence is renewed. Additionally, each lottery licensee granted online status, pursuant to the Department of the Lottery's rules, must pay a weekly fee in connection with related telecommunications charges incurred by the Department.

2.8 What are the broad social responsibility requirements?

Generally, every person involved in the gambling industry is responsible for maintaining public confidence and trust in the credibility and integrity of all gambling operations and the regulatory process. In addition, the Illinois Gambling Act requires licensees to post certain signage, including information regarding the availability of resources to address compulsive gambling and the withholding of delinquent child support. In July 2002, the IGB developed a robust voluntary self-exclusion programme which allows individuals to acknowledge a gambling problem, commit to not visiting any riverboat or casino gambling operation and remove themselves from all mailing, marketing and promotional lists and databases. The IGB remains committed to promoting responsible gaming in Illinois and making valuable changes to the self-exclusion programme. In addition, the IGB imposes certain contracting goals with minority-owned and female-owned businesses.

In February 2018, the IGB established a voluntary, confidential Problem Gambling Registry for Video Gaming (the "Registry"). Persons enrolled in the Registry receive regular emails providing information on problem gambling and links to prevention and treatment resources in Illinois. Participants may terminate their enrolment at any time and registration is open to both in-state and out-of-state residents. The Video Gaming Act similarly requires the posting of signage to promote compulsive gambling resources, and 25% of collected licence fees are appropriated to the Department of Human Services for the administration of programmes for the treatment of compulsive gambling.

Participation in the Lottery is limited to individuals that are 18 years of age or older. Similarly, the Illinois Lottery Law provides for individuals to participate in a voluntary self-exclusion programme for Internet lottery sales. Moreover, each lottery sales agent is obligated to post certain signage regarding compulsive gambling resources.

2.9 How do any AML, financial services regulations or payment restrictions restrict or impact on entities supplying gambling? Does your jurisdiction permit virtual currencies to be used for gambling and are they separately regulated?

The U.S. Department of Treasury's Financial Crimes Enforcement Network is primarily responsible for the enforcement of Federal anti-money laundering laws governing entities who supply gambling. The Illinois Gambling Act requires all wagering tokens, chips and electronic cards to be purchased from a licensed owner or manager at a riverboat or an IGB-approved on-shore facility located where the riverboat docks. Licensed owners and managers may, however, provide wagering tokens, chips and electronic cards to patrons by extending credit. The IGB's rules promulgated under the Video Gaming Act prohibit Terminal Operators or Licensed Establishments from extending any form of deferred payment to

players. The Illinois Racing Board permits ADW, allowing ADW account holders to deposit by cash, cheque, money order, credit card, debit card, other electronic fund transfers or any other means permitted by an ADW licensee.

3 Online/Mobile/Digital/Electronic Media

3.1 How does local law/regulation affect the provision of the Relevant Products in online/mobile/digital/electronic form, both from: (i) operators located inside your jurisdiction; and (ii) operators located outside your jurisdiction?

Under Illinois' criminal laws, a person is prohibited from establishing, maintaining or operating an Internet site that permits a person to gamble or make a wager upon the result of any game, contest or political nomination, appointment or election, with the exception of the Lottery conducted by the State of Illinois in accordance with the Illinois Lottery Law, which allows for the purchase of tickets through the Internet. In addition, *pari-mutuel* betting is authorised in accordance with the Horse Racing Act.

Illinois law defines "Internet" as an "interactive computer service or system or an information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, and includes, but is not limited to, an information service, system, or access software provider that provides access to a network system commonly known as the Internet, or any comparable system or service and also includes, but is not limited to, a World Wide Web page, newsgroup, message board, mailing list, or chat area on any interactive computer service or system or other online system".

3.2 What other restrictions have an impact on Relevant Products supplied via online/mobile/digital/electronic means?

Due to the limited applicability of online sales and wagering, there are no other material restrictions that impact online supplies.

3.3 What terminal/machine-based gaming is permitted and where?

The Illinois Gambling Act allows for approved electronic gaming devices that meet certain minimum standards, subject to the applicable restriction on the number of gaming positions at each riverboat or casino gambling operation. Pursuant to recently enacted legislation, the electronic gaming devices may also be authorised at airports and Organisation Licensees.

Illinois has the largest regulated VGT industry in the United States. Each local municipality may elect to "opt out" to prohibit video gaming in their local municipality. The Video Gaming Act now allows for up to six VGTs to be placed in Licensed Establishments in participating municipalities and up to 10 VGTs in Licensed Establishments that qualify as a "large truck stop establishment". Establishments that are eligible for licensure include (1) any retail establishment where alcoholic liquor is drawn, poured, mixed or otherwise served for consumption on the premises, (2) truck stops (as defined in the Video Gaming Act), (3) fraternal organisations, and (4) veterans organisations.

All VGTs in Illinois are connected to a CCS and are expected to be G2S compliant in 2019. The VGTs currently accept only cash, but the Video Gaming Act contemplates the use of an electronic card or other voucher which would allow for ticket-in, ticket-out capabilities.

4 Enforcement and Liability

4.1 Who is liable under local law/regulation?

Under Illinois' criminal laws, the participant, promoter, bookkeeper, operator and advertiser may be held liable for breaches of the relevant gambling prohibition. Illinois' gambling laws cover individuals, natural persons, public or private corporations, governments, partnerships, unincorporated associations and other entities. Gambling is a Class A misdemeanour and certain subsequent convictions may result in a felony conviction. Under the Video Gaming Act, it is a Class 4 felony to own, operate, possess or have under his or her custody or control or permit to be kept in any place under his or her possession or control any device that awards credits and contains a circuit, meter or switch capable of removing and recording the removal of credits when the award of credits is dependent upon chance.

4.2 What form does enforcement action take in your jurisdiction?

It is illegal to own, operate, use, purchase, rent, sell, manufacture, distribute, have in your possession or even bargain for the sale or lease of a "gambling device". The definition of a "gambling device" is expansive and includes any machine for the reception of money or other things of value on chance or skill, or where money or anything of value is staked, or even any furniture or equipment designed primarily for use in a "gambling place". A "gambling device" is any property used for gambling not authorised under the Illinois Gambling Act or the Video Gaming Act. Exemptions under "gambling devices" include, but are not limited to, equipment under the Video Gaming Act and certain vending machines and amusement machines. The Illinois Criminal Code authorises the seizure of gambling devices by State police or local authorities.

4.3 Do other non-national laws impact upon liability and enforcement?

No, non-national laws do not have any impact on enforcement.

4.4 Are gambling debts enforceable in your jurisdiction?

In Illinois, gambling contracts are void *ab initio* under common law and the Illinois Criminal Code. However, certain contracts that relate to gambling are permitted under the strict oversight of various regulatory agencies, pursuant to State statutes such as the Illinois Video Gaming Act, the Illinois Gambling Act and the Illinois Horse Racing Act. The listing of exceptions to what constitutes gambling can be found in Section 28-1(b) of the Illinois Criminal Code. Section 28-8 of the Illinois Criminal Code also provides that any person who loses more than \$50 to another person due to gambling can sue and recover the money and costs from the "winner" by filing

a lawsuit in the State's lowest courts. An intermediary who merely facilitates the gambling transaction is not considered a "winner". If after six months the person who lost the money does not file a lawsuit, then any person can file the lawsuit against the "winner" to recover the gambling loss. Finally, although there has been litigation in this matter, Illinois courts will also give full faith and credit to foreign judgments for gambling debts that are registered and sought to be enforced in Illinois.

4.5 What appetite for and track record of enforcement does your local regulatory authority have? Have fines, licence revocations or other sanction been enforced in your jurisdiction?

The IGB maintains jurisdiction and enforcement power over casino gambling operations and video gaming operations. In 2018, the IGB issued approximately 30 disciplinary complaints to licensees pursuant to the Illinois Gambling Act. Specifically, the IGB issued five disciplinary complaints to Owner Licensees, with proposed fines ranging from \$7,500 to \$1,000,000, for violation of IGB rules and internal controls. In addition, the IGB issued three disciplinary complaints to Supplier Licensees, each for \$5,000, and several disciplinary complaints against occupational licensees. The IGB issued approximately 150 disciplinary complaints to licensees pursuant to the Video Gaming Act, the vast majority of which were issued to Licensed Establishments for an array of issues (i.e., active tax liabilities, underage play, failure to cooperate, failure to disclose information, illegal gambling), with proposed disciplines ranging from a \$500 fine to revocation.

5 Anticipated Reforms

5.1 What (if any) intended changes to the gambling law/regulations are being discussed currently?

The Illinois legislature regularly considers amendments to Illinois' gaming laws, from minor technical changes to various expansion proposals. In the final hours of the 101st General Assembly, the Illinois House and the Illinois Senate passed Senate Bill 690, as amended by House Amendment 3, which implemented a historic gaming expansion throughout Illinois. The Bill was signed into law on June 28, 2019. The Bill authorised six additional casinos, increased the number of gaming positions at each casino, authorised gaming at Organisation Licensees, added an additional Organisation Licensee, increased the number of VGTs allowed at each Licensed Establishment, increased the minimum wager and maximum jackpot amounts for video gaming, allowed for progressive jackpots and authorised sports wagering in Illinois. The IGB is in the process of accepting applications for the six newly authorised casino licences and the four prospective Organisation Gaming licences. It is also drafting applications and administrative rules to address these changes, particularly to allow sports wagering in Illinois.



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