

Illinois Lottery's failure to pay prizes draws other states into lawsuit

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Chicago Tribune- Matthew Walberg



Customers for Powerball tickets trickle in at the Minute Man Shell gas station at York and Butterfield roads in Elmhurst before the big evening rush for the Feb. 10, 2015, drawing. (Chuck Berman / Chicago Tribune)

The ongoing impasse over the state budget has roped in dozens of other states' lotteries into a lawsuit filed against the Illinois Lottery over its failure to pay its winners.

An attorney representing lottery winners who have not been paid has asked a federal judge to bar 38 other state lotteries — and the association that oversees the management of interstate games like Powerball and Mega Millions — from sending the Illinois Lottery any of the money they may owe to Illinois winners of those games.

In a motion for a temporary restraining order filed late Tuesday night, attorney Thomas Zimmerman Jr. asked that the money instead be held in an interest-bearing account controlled by the court.

"If someone in Illinois wins (Powerball or Mega Millions), then other states that participate in the game have to kick in some of the prize money," Zimmerman said. "Illinois is then holding the money and not paying the winner. All we're asking is don't send it (the money) to Illinois — send it to the court ... so we can get these people paid or earn interest on the money until it can be paid."

A spokesman for the Illinois Lottery declined to comment, saying the agency does not discuss pending litigation.

In August, the lottery garnered national attention after it announced it would no longer pay prizes greater than \$25,000 until a state budget was passed. Last month the lottery announced it would no longer pay prizes greater than \$600. Prizes of \$600 or less can still be paid by the retailer that sold the winning ticket.

Meanwhile, some lottery vendors in neighboring states have reported an increase in ticket sales because of Illinois' inability to pay its winners.



In September, a pair of lottery winners filed suit in federal court alleging the Illinois Lottery committed fraud by selling tickets despite the fact that state law barred the Illinois comptroller from cutting the checks without authorization within the state budget. The number of plaintiffs has grown to 21.

The lawsuit seeks to force the lottery to pay the withheld prizes along with 5 percent interest and asks that the lottery be prohibited from paying any of its administrative or operational costs until winners receive their prizes.

It also asks that the lottery be banned from selling tickets for games it cannot pay out on until the lottery is able to honor those payments.

"I'm embarrassed that they (the plaintiffs) have to go this far because we haven't done our job in Springfield," said Rep. Jack Franks, D-Marengo. "(Illinois') reputation is already in tatters — we've been a freak show for a long time. But the fact is this is going to severely affect the taxpayers because of the loss of revenue that we're already realizing as a result of this."



Some Illinois Lottery players cross state lines for tickets because of IOUs. A court hearing on the matter is scheduled for Thursday.