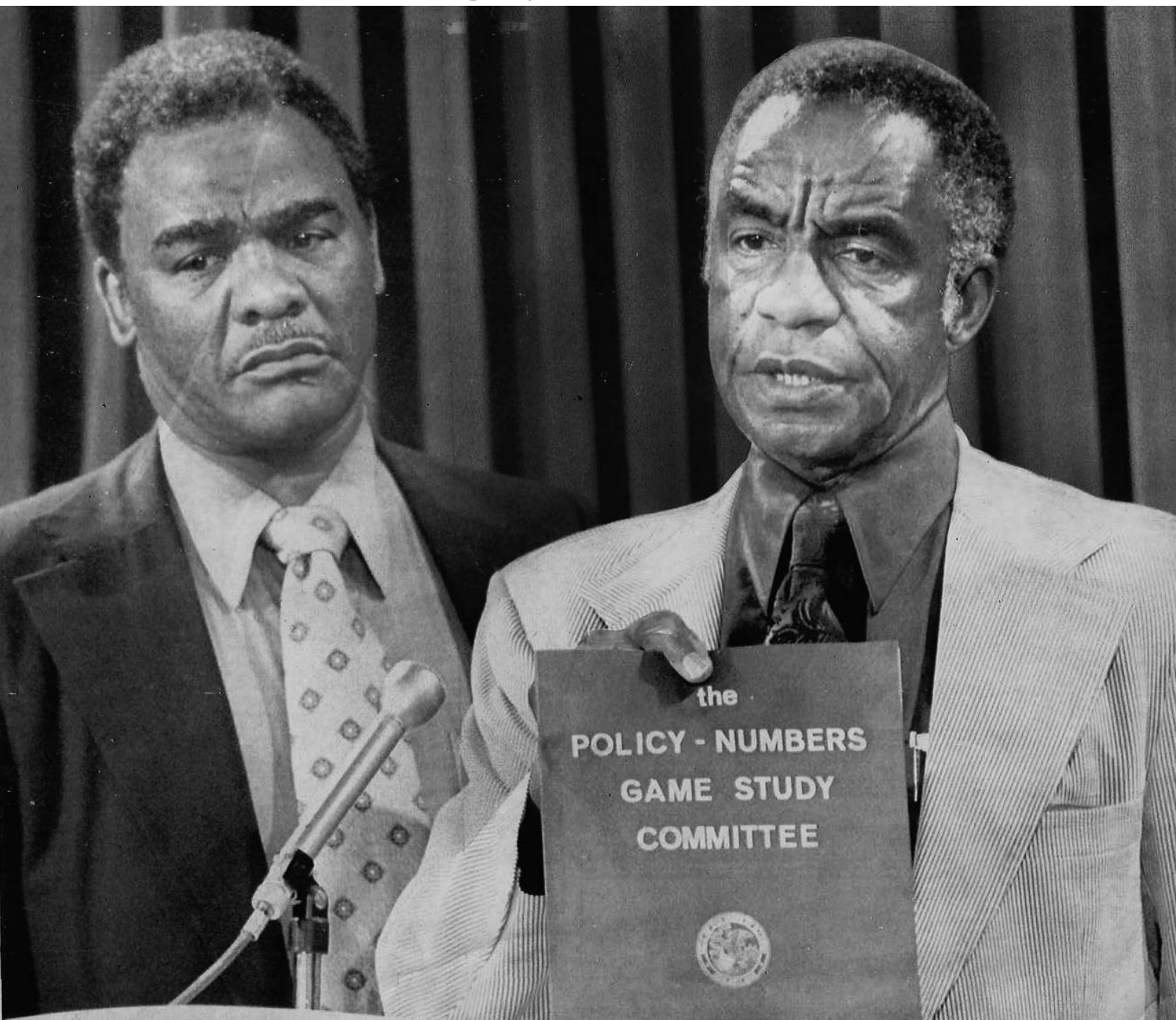




***Illinois Policy Legislation:
“The Policy Numbers Game”***

by Illinois State Representative,
Lewis Caldwell

Originally Presented in 1966





Illinois State Representative Lewis Caldwell authored this legislation to legalize the Policy Game in Chicago, aiming to enable the Black community to flourish.

FOREWORD

This document presents the proposed legislation to legalize the Policy Game in the State of Illinois. Before the advent of state lottery games, an illegal game of chance known as "policy" was widespread, especially within the Black community, where it significantly impacted city politics and the economy. The men who operated this game were called Policy Kings. The money they generated not only supported their lifestyles but also provided business loans to small enterprises, founded banks, purchased airplanes, and funded higher education for young adults aspiring to become CPAs and attorneys. All winnings remained within the close-knit community of Historic Bronzeville in Chicago, employing over 2,000 people and acting as the economic engine of a thriving community.

Illinois State Representative Lewis Caldwell authored this legislation to legalize the Policy Game, aiming to enable the Black community to flourish. Had it passed, the legislation would have added tax revenue to the State of Illinois's coffers and become a cornerstone of economic prosperity for the Black community. State Representative Harold Washington joined Caldwell in the effort to legalize policy; Washington would later become the first Black Mayor of Chicago, Illinois.

The first 10 pages are the legislation and historical records from the State Capitol's archives, tracking the document's journey through committee and its progress—or lack thereof—in the State of Illinois legislature. The remaining pages are the actual legislation written by State Rep. Lewis Caldwell.

This historical record serves as a Black Paper to make this important chapter of the Black narrative accessible, ensuring future generations can tell our stories.

OFFERED IN COMMITTEE ON
REVENUE BY REP. *Pearcy*

LR88103997GNakam01

1	AMENDMENT TO HOUSE BILL 744	12
2	AMENDMENT NO. <u>1</u> . Amend House Bill 744 on page 7,	17
3	line 15, by deleting everything following the period; and	
4	on page 7, by deleting lines 16 through 23; and	19
5	on page 20, by deleting lines 25 through 29.	21



ILLINOIS GENERAL ASSEMBLY -- HOUSE OF REPRESENTATIVES

RECORD OF COMMITTEE WITNESS

RESOLUTION or BILL NUMBER

HB 744

COMMITTEE: *House Revenue*

DATE: *5/9/79*

OTHER (Subject Matter) _____

I. IDENTIFICATION

Name *David Stewart* Phone _____
Address _____ City _____ State _____ Zip _____
Title *Legislative Liaison*
Firm or Business *In Dept of Rev.* Phone _____
Business Address _____ City _____ State _____ Zip _____

II. REPRESENTATION (This section to be filled-in if the witness is appearing on behalf of any group, organization, firm or other entity.)

Persons, group, firms represented in this appearance _____

Capacity in which representation made: (Check appropriate box)

- Registered Lobbyist (The Lobbyist Registration Act appears in Chap. 83, Sec. 171-182, Ill. Rev. Stat.)
- Officer or Employee
- Member
- Other

III. POSITION (Check appropriate box)

- Proponent
- Opponent
- No Position on Merits

IV. TESTIMONY (Check appropriate box/boxes):

- Oral
- Written Statement Filed
- Record of Appearance Only

Signature *David Stewart*

COMMITTEE HISTORY

REVENUE

HB 0744

POUNCEY-GAINES, ALEXANDER, TAYLOR, SHUMPERT AND PATRICK.

Ch. 32, adds par. 157.3-3; Ch. 38, pars. 28-1, 28-1.1; Ch. 127, adds par. 141.79

Policy-Numbers Game Act. Authorizes organization of businesses to operate policy-numbers games and provides for their regulation. Imposes tax of 10% of gross receipts from such operations. Places certain duties in Department of Revenue. Amends Business Corporation Act to authorize organization of such corporations. Amends Criminal Code to exempt games conducted under this act from penalties for gambling and syndicated gambling.

Mar 07 1979 First reading Rfrd to Comm on Assignment

Mar 15 Assigned to Revenue

Posted 5-3-79

5-9-79 Do Pass As Amended Motion Prevailed 15-2-1



COMMITTEE ACTION REPORT

COMMITTEE ON REVENUE

DATE 5/9/79

BILL OR RESOLUTION H. B. 744 PRESENTED BY Rep. Pannoy

QUORUM ROLL CALL
TIME 8:00 AM
PLACE D-1

OTHER MOTION

FINAL ACTION			AMENDMENTS and offered by #1											
<i>DPA</i>			MOTION											
<i>Bullock</i>			MOVED BY											
<i>Freston</i>			SECOND BY											
YES	NO	PRESENT	MEMBER NAME			YES	NO	PRESENT	YES	NO	PRESENT	YES	NO	PRE
X			ALEXANDER	(D)										
X			BELL	(R)										
X			BRADY <i>Freston</i>	(D)										
X			BULLOCK	(D)										
X			CAMPBELL	(R)										
X			CULLERTON	(D)										
X			CURRIE	(D)										
X			DOYLE	(D)										
X			DUNN, RALPH	(R)										
X			EWING	(R)	S									
	X		HUDSON	(R)										
X			JONES, DAVE	(R)										
X			KEANE	(D)										
X			KORNOVICZ	(D)										
X		X	MACDONALD	(R)										
X			MCPIKE	(D)										
X			MUGALIAN	(D)										
X			OBRIEN	(D)										
X			RIGNEY	(R)										
		X	SCHUNEMAN	(R)										
X			SKINNER	(R)										
X			WOODYARD	(R)										
X			SCHRAEDER	(D)	VC									
X			PIERCE	(D)	CR									
1521			TOTAL											

adopted by voice vote

Pannoy
CHAIRMAN'S APPROVAL

ATTACH ADDITIONAL PAGE IF NECESSARY

- | | | | | | |
|-----|------------------------|-------|---------------------------------------|------|---------------------------------|
| DP | DO PASS | DPCC | DO PASS - CONSENT CALENDAR | BAA | BE ADOPTED AS AMENDED |
| DNP | DO NOT PASS | DPACC | DO PASS AS AMENDED - CONSENT CALENDAR | BNAM | BE NOT ADOPTED AS AMENDED |
| DPA | DO PASS AS AMENDED | DRRR | DO PASS RE-REFERRED | COM | COMMITTEE BILL |
| DPA | DO NOT PASS AS AMENDED | DPARR | DO PASS AS AMENDED RE-REFERRED | SLR | A SUBSTITUTE BILL OR RESOLUTION |
| | | BA | BE ADOPTED | TC | TABLED IN COMMITTEE |
| | | BN4 | BE NOT ADOPTED | TBR | TABLED BY RULE |

OFFERED IN COMMITTEE ON
REVENUE BY REP.

Purney

81 HB 0744 eng
lp

LR88103997GNakam01

1	AMENDMENT TO HOUSE BILL 744	12
2	AMENDMENT NO. <u>1</u> Amend House Bill 744 on page 7,	17
3	<u>1</u> line 15, by deleting everything following the period; and	
4	<u>2</u> on page 7, by deleting lines 16 through 23; and	19
5	<u>3</u> on page 20, by deleting lines 25 through 29.	21

**81st GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

NOTE: DO NOT MARK ON ORIGINAL BILL

House Bill No. 744

CHIEF SPONSOR

(1) POUNCEY, T. - GAINES

Co-sponsors

(2) ~~GAINES, A.~~

(only the names of the first five sponsors are indexed in the Legislative Synopsis and Digest.)

(3) ALEXANDER, E.

(4) TAYLOR, J. C.

(5) SHUMPERT, W.

ADDITIONAL CO-SPONSORS ARE CHECKED BELOW:

Democratic Leadership

Republican Leadership

- Abramson (R)
- Ackerman (R)
- Alexander (D)
- Anderson (R)
- Balanoff (D)
- Barnes, E. M. (D)
- Barnes, Jane (R)
- Beatty (D)
- Bell (R)
- Bianco (R)
- Birchler (D)
- Birkinbine (R)
- Bluthardt (R)
- Borchers (R)
- Boucek (R)
- Bower (R)
- Bowman (D)
- Bradley (D)
- Brady (D)
- Braun (D)
- Breslin (D)
- Brummer (D)
- Bullock (D)
- Campbell (R)
- Capparelli (D)
- Capuzi (R)
- Catania (R)
- Chapman (D)
- Christensen (D)
- Collins (R)
- Conti (R)
- Cullerton (D)
- Currie (D)
- Daniels (R)
- Darrow (D)
- Davis (R)
- Dawson (D)
- Deuster (R)
- DiPrima (D)
- Domico (D)
- Donovan (D)
- Doyle (D)
- Dunn, John (D)
- Dunn, Ralph (R)

- Dyer (R)
- Ebbesen (R)
- Edgar (R)
- Epton (R)
- Ewell (D)
- Ewing (R)
- Farley (D)
- Fiester (R)
- Flinn (D)
- Friedland (R)
- Friedrich (R)
- Gaines (R)
- Garmisa (D)
- Getty (D)
- Giorgi (D)
- Goodwin (D)
- Greiman (D)
- Griesheimer (R)
- Grossi (R)
- Hallock (R)
- Hallstrom (R)
- Hanahan (D)
- Hannig (D)
- Harris (D)
- Hoffman (R)
- Hoxsey (R)
- Hudson (R)
- Huff (D)
- Huskey (R)
- Jaffe (D)
- Johnson (R)
- Jones, Dave (R)
- Jones, Emil (D)
- Kane (D)
- Katz (D)
- Keane (D)
- Kelly (D)
- Kempiners (R)
- Kent (R)
- Klosak (R)
- Kornowicz (D)
- Kosinski (D)
- Kozubowski (D)
- Kucharski (R)

- Laurino (D)
- Lechowicz (D)
- Leinenweber (R)
- Leon (D)
- Leverenz (D)
- Macdonald (R)
- Madigan (D)
- Mahar (R)
- Margalus (R)
- Marovitz (D)
- Matijevich (D)
- Matula (R)
- Mautino (D)
- McAuliffe (R)
- McBroom (R)
- McClain (D)
- McCourt (R)
- McGrew (D)
- McMaster (R)
- McPike (D)
- Meyer (R)
- Molloy (R)
- Mugalian (D)
- Mulcahey (D)
- Murphy (D)
- Nardulli (D)
- Neff (R)
- Oblinger (R)
- O'Brien (D)
- Patrick (D)
- Pechous (D)
- Peters (R)
- Piel (R)
- Pierce (D)
- Polk (R)
- Pouncey (D)
- Pullen (R)
- Rea (D)
- Redmond (D)
- Reed (R)
- Reilly (R)
- Richmond (D)
- Rigney (R)
- Robbins (R)

- Ronan (D)
- Ropp (R)
- Ryan (R)
- Sandquist (R)
- Satterthwaite (D)
- Schisler (D)
- Schlickman (R)
- Schneider (D)
- Schoeberlein (R)
- Schraeder (D)
- Schuneman (R)
- Sharp (D)
- Shumpert (D)
- Simms (R)
- Skinner (R)
- Slape (D)
- Stanley (R)
- Stearney (R)
- Steczo (D)
- Steele, E. G. (R)
- Stiehl, C. M. (R)
- Stuffle (D)
- Sumner (R)
- Swanstrom (R)
- Taylor (D)
- Telcser (R)
- Terzich (D)
- Totten (R)
- Tuerk (R)
- Van Duynes (D)
- Vinson (R)
- Vitek (D)
- VonBoeckman (D)
- Waddell (R)
- Walsh (R)
- Watson (R)
- White (D)
- Wikoff (R)
- Willer (D)
- Williams (D)
- Winchester (R)
- Wolf, J. J. (R)
- Wolf, Sam (D)
- Younge (D)
- Yourell (D)



81st GENERAL ASSEMBLY State of Illinois

1979 and 1980

INTRODUCED _____, BY

SYNOPSIS: (Ch. 32, new par. 157.3-3; Ch. 38, pars. 28-1, 28-1.1; Ch. 127, new par. 141.79)

Policy-Numbers Game Act. Authorizes organization of businesses to operate policy-numbers games and provides for their regulation. Imposes tax of 10% of gross receipts from such operations. Places certain duties in Department of Revenue. Amends Business Corporation Act to authorize organization of such corporations. Amends Criminal Code to exempt games conducted under this Act from penalties for gambling and syndicated gambling.

LRB8103997GNmk

A BILL FOR

1 AN ACT authorizing the creation of businesses to operate 51
 2 policy-numbers games, providing for their regulation and 52
 3 taxation, and amending certain Acts in connection therewith. 53

4 Be it enacted by the People of the State of Illinois, 57
 5 represented in the General Assembly: 58

6 ARTICLE I 61

7 Section 1. This Act shall be known and may be cited as 63
 8 the "Policy-Numbers Game Act".

9 Section 2. Definitions. (a) "Department" means the 65
 10 Department of Revenue of the State of Illinois, and 66
 11 "Director" means the Director of Revenue.

12 (b) "Policy-numbers game" means any lottery in which a 68
 13 player wagers that a certain number selected by the player 69
 14 will be among those drawn from a drum containing 78 numbers, 70
 15 numbered 1 through 78. Winning wagers are paid according to 71
 16 a fixed scale of odds which are dependent upon the
 17 probability that the player's selection will appear among the 72
 18 numbers drawn.

19 (c) "Person" means any natural person or business 74
 20 entity.

21 Section 3. Corporations to engage in the business of 76
 22 operating policy-numbers games may be organized under The 77
 23 Business Corporation Act provided that a permit to organize 78
 24 has first been obtained from the Department. In addition to 79
 25 the requirements of The Business Corporation Act, the
 26 articles of incorporation must provide that: 80

27 (1) the activities of the corporation are limited solely 82
 28 to the operation of policy-numbers games, and that the 83
 29 corporation may not own real property, except real property 84
 30 used to conduct a policy-numbers game, or make loans or 85
 31 investments except in federal, state or municipal bonds;

32 (2) Security holders of the corporation shall be natural 87
 33 persons only. The name and current resident address of each 88

1 security holder shall be provided to the Department. 89

2 Section 4. Sole proprietorships, partnerships, and other 91
3 unincorporated business entities may also apply for a permit 92
4 to organize a policy-numbers game. Such organizations shall 93
5 be limited solely to the operation of policy-numbers games, 94
6 shall not own any real property, except for the purpose of
7 conducting a policy-numbers game, and their investments shall 95
8 be limited to state, federal and municipal bonds. The 96
9 Department shall, by rule, provide that unincorporated 97
10 entities are limited in the same fashion as are corporations 98
11 by subsection (2) of Section 3 of this Act.

12 Section 5. Application for a permit to organize shall be 100
13 made to the Department, in such form as the Department shall 101
14 prescribe, and containing the following information: 102

15 (a) The name and address of the applicant, location of 104
16 the principal office and all other offices of the applicant, 105
17 and the date of organization;

18 (b) The nature and place or places of business of the 107
19 applicant for the period of the 10 years preceding the date 108
20 of the application, or if the period of the applicant's 109
21 existence is less than 10 years, the same information for the 110
22 period which begins with the applicant's existence and ends
23 with the date of the application; 111

24 (c) A statement of any other Federal, State or 113
25 territorial gambling license or registration which has been 114
26 granted the applicant, and whether such license or 115
27 registration has been refused, withdrawn, suspended or
28 cancelled;

29 (d) All assets and all liabilities, including contingent 117
30 liabilities of the applicant, as of a date not more than 60 118
31 days prior to the filing of the application; 119

32 (e) A brief description of any civil or criminal 121
33 proceeding of which fraud is an essential part pending 122
34 against the applicant in any state, federal or territorial 123
35 court; any criminal proceeding in which the applicant is a 124

1 defendant pending in any state or territorial court which 124
2 involves any crime which is a felony under the laws of this 125
3 State, or any criminal proceedings in a federal court 126
4 involving a crime which is a felony under federal law, and 127
5 any pending criminal proceeding in any state, federal or
6 territorial court involving the violation of any gambling 128
7 law;

8 (f) Any civil or criminal proceeding described in 130
9 subsection (e) of this Section in which the applicant has 131
10 been found liable or been convicted;

11 (g) If the applicant is a corporation, a copy of the 133
12 applicant's proposed articles of incorporation or proposed 134
13 amendments thereto, a list of its proposed or existing 135
14 officers, directors, and managing agents and their proposed
15 duties and all shareholders, the name and business address of 136
16 each, a ten-year occupational statement from each such 137
17 individual, a statement describing briefly any civil or 138
18 criminal proceeding, described in subsection (e) of this 139
19 Section, in which any such individual is a defendant, pending
20 against him or in which he has been found liable or been 140
21 convicted;

22 (h) If the applicant is a sole proprietorship, a 142
23 partnership, an unincorporated association or any similar 144
24 form of business entity, the name and business address of the 145
25 proprietor, or of each partner, member,, officer, 146
26 director, trustee or manager, and of each such person's 147
27 proposed duties; the limitations, if any, on the liability of 148
28 each such individual; a ten-year occupational statement of 149
29 each such individual; a statement describing briefly any 150
30 civil or criminal proceeding, described in subsection (e) of 152
31 this Section, in which any such individual is a defendant,
32 pending against him or in which he has been found liable or 154
33 been convicted;

34 (i) Any additional information which the Department may 156
35 by rule or regulation prescribe as necessary to determine the 158

1 applicant's solvency, honesty, and business experience, and 159
2 such other information as the Department shall require to 160
3 fulfill its duties under this Act.

4 Section 6. The following applicants are ineligible for a 162
5 permit under this Act:

6 (a) Any applicant not meeting provisions of Sections 3 164
7 or 4 which are relevant to the applicant; 165

8 (b) Any applicant who fails to provide any information 167
9 required by Section 5 of this Act; 168

10 (c) Any natural person convicted or found liable in any 170
11 criminal or civil proceeding in which fraud is an essential 172
12 element of the criminal or civil case;

13 (d) Any natural person who is not of good character and 174
14 reputation in the community in which he resides; 176

15 (e) Any firm or corporation in which a person or persons 178
16 described in (c) or (d) have a proprietary, equitable or 180
17 credit interest of 10% or more;

18 (f) Any firm or corporation in which a person described 182
19 in (c) or (d) is an officer, director or managing agent, 184
20 whether compensated or not.

21 Section 7. (a) The granting of a permit to any 186
22 applicant convicted of a felony in which fraud is not an 188
23 essential element of the case, or of a crime which is a
24 violation of a gambling law shall be within the discretion of 190
25 the Department.

26 (b) It shall also be within the Department's discretion 192
27 to grant to any firm or corporation a permit if any person or 194
28 persons who have been convicted of any crime described in 195
29 subsection (a) of this Section have a proprietary, equitable 196
30 or credit interest of 10% or more, or if such a person is an 197
31 officer, director or managing agent of the firm or 198
32 corporation.

33 (c) Permits shall be granted if the Department 200
34 determines, after investigation, that the applicant or person 202
35 has been sufficiently rehabilitated to warrant the public

1 trust. 202

2 Section 8. The Department shall not grant a permit to 204
3 any applicant if a civil or criminal case required to be 206
4 mentioned in the application is pending against the applicant
5 until judgment has been rendered in the case. 207

6 Section 9. No person shall conduct a policy-numbers game 209
7 without a permit from the Department. A non-refundable fee 210
8 shall be paid to the Department upon application for the 211
9 permit. The fee shall be determined by the Department. The 212
10 fee shall approximate the average cost to the Department of
11 processing an application and shall be uniform for all 213
12 applicants. If the application is accepted, such fee shall 214
13 be credited toward payment of the annual license fee required 215
14 by Section 10 of this Act. The Department may, by rule,
15 provide for combining the application for a permit to 216
16 organize with the applications for the initial license fee. 217

17 Section 10. Annual licenses shall be issued by the 219
18 Department. Each license shall expire one year from the date 220
19 of issuance. The annual license fee is \$1,200. The funds 221
20 collected from such fees shall be placed in the General
21 Revenue Fund. 222

22 Section 11. A person organized and licensed in 224
23 accordance with this Act is authorized, subject to the 225
24 provisions of this Act, to operate policy-numbers games.

25 Section 12. All bets shall be recorded in triplicate on 227
26 numbered slips in books. One slip shall be given to the 228
27 player with the word PLAYER imprinted thereon; one slip shall 229
28 be used by the business as a work slip and the word CONTROL 230
29 shall be imprinted thereon; one slip shall be retained in the
30 book and the word COPY shall be imprinted thereon. The 231
31 starting and ending number of the slips in each book shall be 232
32 reported daily to the Department together with the total 233
33 amount bet on each number, the type of bets made, and the
34 number and amount of winning bets. 234

35 Section 13. Before commencing operations, a business 236

1 shall place in escrow \$25,000 or such lesser amount as the 237
2 Department may by rule require. The terms of such an escrow 238
3 shall be established by the Department. The funds collected 239
4 from such escrow accounts shall be placed in the General
5 Revenue Fund. 240

6 Section 14. All moneys received as bets by a permit 242
7 holder shall be deposited daily in a special account at one 243
8 commercial bank within this State. All expenses of the 244
9 policy-numbers corporation shall be paid by check from such
10 special account except that cash disbursements may be made to 245
11 pay off on winning numbers. There shall be no commingling of 246
12 funds. The name of the bank in which such funds are kept 247
13 shall be sent to the Department.

14 Section 15. Each business shall maintain a single entry 249
15 bookkeeping system and report in writing once a month to its 250
16 owners informing them as to gross receipts, amount of 251
17 winnings paid and net profit or loss. The corporation shall 252
18 also file a copy of this monthly report with the Department.
19 In addition, the corporation shall file a detailed report 253
20 with the Department within 5 days after each business day 254
21 itemizing all receipts and disbursements. The business shall 255
22 keep adequate books and records to substantiate the validity
23 of such reports. Disbursements of profit must be reported to 256
24 the Department within 5 days of such disbursement. 257

25 Section 16. A tax is imposed upon business engaged in 259
26 operating policy-numbers games at the rate of 10% of the 260
27 gross receipts from such operations. Each business engaged 261
28 in operating policy-numbers games shall pay such tax to the 262
29 Department at the time of making its report of each day's
30 business. The funds collected from such taxes shall be 263
31 placed in the General Revenue Fund. The provisions of 264
32 Section 2a of the "Retailers' Occupation Tax Act" pertaining 265
33 to the furnishing of a bond or other security are
34 incorporated by reference into this Act and are applicable to 266
35 licensees under this Act as a precondition of obtaining a 267

1 license under this Act. The provisions of Sections 4, 5, 5a, 268
 2 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 6, 6a, 6b, 6c, 8, 9, 10, 269
 3 11, 12 and 13 1/2 of the "Retailers" Occupation Tax Act"
 4 which are not inconsistent with this Act shall apply, as far 270
 5 as practicable, to the subject matter of this Act to the same 271
 6 extent as if such provisions were included in this Act. For 272
 7 the purposes of this Act, references in such incorporated 273
 8 Sections of the "Retailers" Occupation Tax Act" to retailers,
 9 sellers or persons engaged in the business of selling 274
 10 tangible personal property means persons engaged in 275
 11 conducting policy-numbers games, and references in such 276
 12 incorporated Sections of the "Retailers" Occupation Tax Act"
 13 to sales of tangible personal property means the conducting 277
 14 of policy-numbers games and the making of charges for 278
 15 participating in such games. ^{a 10} ~~The Department shall deposit~~ 279
 16 ^{a 10} ~~10% of all tax moneys received under this Section in a~~ 280
 17 ~~special fund hereby established in the State Treasury to be~~
 18 ~~known as the "Depressed Areas Land Use and Community~~ 281
 19 ~~Development Fund". The General Assembly shall appropriate the~~ 282
 20 ~~moneys in this special fund to the Depressed Areas Land Use~~ 283
 21 ~~and Community Development Authority, created by the 80th~~
 22 ~~General Assembly, to enable such Authority to carry out its~~ 284
 23 ~~powers and duties provided by law.~~ 285

24 Section 17. All employees of each holder of a permit to 287
 25 engage in a policy-numbers game shall be licensed by the 289
 26 Department. The term employees shall include all persons 290
 27 receiving a salary or wage from any permit holder, but shall 291
 28 not include persons required to be named by Section 5 of this 292
 29 Act, security personnel employed on a contract basis, and 293
 30 employees of public accountants on a per diem or contract 294
 31 basis. All employee licenses shall be valid for one year 295
 32 from the date of issuance. A \$50 fee shall accompany each 296
 33 application. The funds collected from such fees shall be 297
 34 placed in the General Revenue Fund. The application shall be
 35 signed by the person requiring the license and shall contain 298

1 the following information in the form presented by the 299
2 Department:

3 (a) name, residence, and business address; 301

4 (b) nature of employment and names and address of 303
5 employers for the past 10 years, or the names and addresses 304
6 of all employers if the person has been employed for fewer 305
7 than 10 years;

8 (c) a brief description of any legal proceeding pending 307
9 *8/* in which the applicant is a defendant or in which the 308
10 applicant has been found liable or convicted in any state, 309
11 federal or territorial court, if fraud is an essential 310
12 element in the case; or of any pending proceeding or 311
13 proceeding in which the applicant has been convicted in any 312
14 state, federal or territorial court, if the proceeding
15 involves a crime which is a felony under Illinois law, or if 313
16 the proceeding is in federal court and the crime charged is a 314
17 felony under federal law, and a brief description of any 315
18 pending proceeding or proceeding in which the applicant has 316
19 been found guilty in any state, federal or territorial court
20 which involves the violation of any gambling law; 318

21 (d) a statement that the applicant is to be employed by 321
22 a person holding a permit under this Act. This statement
23 shall be signed by a permit holder or if the permit holder is 322
24 a firm or corporation by an officer or partner of the permit 323
25 holder;

26 (e) a copy suitable to the Department of a fidelity bond 326
27 issued by a corporate surety in the amount of \$10,000;

28 (f) such other information as the Department reasonably 328
29 requires to determine if an applicant is a person of suitable 329
30 character for a license. 330

31 Section 18. Employees shall be paid weekly and may 332
32 receive commissions and an annual bonus, prorated on annual 333
33 salary.

34 Section 19. No person shall solicit, accept or place 336
35 bets within 100 feet of any business licensed to sell

1 alcoholic liquor for on-premises consumption, pari-mutuel 337
2 race tracks, federal, State or municipal buildings, private 338
3 and public schools from preschool to graduate school, 339
4 hospitals or churches. No person under the age of 18 years 340
5 may play or participate in the conducting of a policy-numbers 341
6 game. Any person under the age of 18 years may be within the 342
7 area where a policy-numbers game is being played only when
8 accompanied by his parent or guardian. 343
9 ⁹ Section 20. No business may transfer any bets made with 345
10 it to any other person, corporate or otherwise. 346
11 Section 21. All materials which any permit holder 348
12 proposes to use to advertise any policy-numbers game shall be 349
13 submitted to and approved by the Department before the 350
14 materials are actually used to promote such a game. The
15 Department shall approve such materials for advertising if 351
16 they contain no misstatement of fact and the facts therein 352
17 are not presented in a deceptive, misleading or fraudulent 353
18 fashion.
19 Section 22. All holders of permits shall keep on hand a 355
20 prospectus the form and content of which shall be approved by 356
21 the Department. This prospectus shall be available to all 357
22 persons requesting a copy of it. Notice of the prospectus 358
23 shall be given on the paper required by Section 12 of this 359
24 Act in such form and manner as the Department shall
25 prescribe. The prospectus shall contain the following 360
26 information:
27 (a) the name under which the permit holder does 362
28 business;
29 (b) a description of the various types of bets which may 364
30 be placed, the odds on winning on each, and the amount of 365
31 money which may be bet;
32 (c) the amount of money received by the permit holder 367
33 during its last fiscal year, the amount and percentage of 368
34 that money used for all expenses other than the payment of 369
35 prize money, and the amount and percentage of money received 370

1 paid out in prizes; 370

2 (d) the names of the financial institutions in which the 372

3 permit holder's funds are kept; 373

4 (e) the names of all persons who are required to be 375

5 disclosed by Section 5 of this Act; 376

6 (f) information concerning the status of winnings under 378

7 federal and state tax laws; 379

8 (g) other appropriate disclosures, as determined by the 381

9 Department, concerning the risks of gambling. 382

10 A new prospectus and a certified financial statement 384

11 shall be sent to the Department, for the Department's 385

12 approval, not later than 4 months after the beginning of a 386

13 permit holder's fiscal year. Each permit holder shall also 387

14 inform the Department of changes in any material in its

15 prospectus and shall issue a new prospectus at any time the 388

16 Department requires it to do so.

17 Section 23. Permits may be suspended or revoked by the 390

18 Department under the following circumstances: 391

19 (a) if the permit holder or any person required to be 393

20 named in Section 5 of this Act is convicted of or found 394

21 liable in any proceeding, and such conviction or liability 395

22 would require or allow the Department to deny an initial

23 application for a permit; 396

24 (b) if the permit holder has failed to appraise the 398

25 Department of any changes in the information contained in the 399

26 application for a permit within 30 days of the change, except 400

27 that in regard to assets and liabilities only materially 401

28 adverse changes need to be reported; 402

29 (c) if the permit holder has engaged in any inequitable 404

30 practice in the sale of chances or in any fraudulent business 405

31 practice; 406

32 (d) if the permit holder has failed to deliver winnings 408

33 to any person within a reasonable time as defined by rule of 409

34 the Department; 410

35 (e) if the permit holder is insolvent; 412

1 (f) if a gambling license or registration of the permit 414
 2 holder has been revoked by any branch of federal, state or 415
 3 territorial government; 416

4 (g) if the permit holder has violated any provision of 418
 5 this Act or any rule or regulation promulgated thereunder; 419

6 (h) if the permit holder has submitted any false 421
 7 information to the Department; 422

8 (i) if the permit holder has employed persons not 424
 9 licensed in accordance with Section 17 of this Act. 425

10 Section 24. Licenses issued under Section 17 of this Act 427
 11 shall be denied, revoked or suspended by the Department under 428
 12 the following conditions: 429

13 (a) if the applicant or licensee has been convicted or 431
 14 found liable in any proceeding in which fraud is an essential 432
 15 element of the case;

16 (b) if the applicant or licensee has engaged in any 434
 17 fraudulent or inequitable practice in the sale of chances; 435

18 (c) if the applicant or licensee is unable to post the 437
 19 fidelity bond required by this Act; 438

20 (d) if the applicant or licensee has failed to submit 440
 21 any information required by Section 17 of this Act. 441

22 Section 25. Licenses issued under Section 17 of this Act 443
 23 may be denied, suspended or revoked by the Department under 444
 24 the following conditions:

25 (a) if the applicant or licensee has been convicted of 446
 26 any felony of which fraud is not an essential element or of 447
 27 any violation of any gambling law, if the applicant or 448
 28 licensee is not sufficiently rehabilitated to warrant the 449
 29 public trust;

30 (b) if the applicant or licensee has submitted any false 451
 31 information to the Department; 452

32 (c) if the applicant or licensee has violated any 454
 33 provision of this Act or any rule or regulation promulgated 455
 34 thereunder.

35 Section 26. Whenever the Department shall deem it 457

1 necessary in the administration of this Act, it may require 458
 2 that the proceeds of any permit holder be held intact until 459
 3 such proceeds aggregate a fixed amount and that such proceeds
 4 be held intact under an appropriate agreement of escrow with 460
 5 a bank or trust company.

6 Section 27. Whenever it shall appear to the Department, 462
 7 either upon complaint or otherwise, that the provisions of 463
 8 this Act, or of any rule or regulation prescribed under 464
 9 authority thereof, have been or are about to be violated, it 465
 10 may, in its discretion, either require or permit such person
 11 to file a statement in writing under oath, or otherwise, as 466
 12 to all the facts and circumstances concerning the subject 467
 13 matter which the Department believes to be in the public 468
 14 interest to investigate.

15 Section 28. For the purpose of all investigations which 470
 16 in the opinion of the Department, are necessary and proper 471
 17 for the enforcement of this Act, the Director of the 472
 18 Department, or a person designated by him, is empowered to 473
 19 administer oaths and affirmations, subpoena, witnesses, take
 20 evidence and require the production of any books, papers, or 474
 21 other documents which the Director or a person designated by 475
 22 him deems relevant or material to the inquiry. Any Circuit 476
 23 Court of this State, upon application of the Director or a 477
 24 person designated by him, may order the attendance of
 25 witnesses, the production of books, papers, accounts, and 478
 26 documents and the giving of testimony before the Director or 479
 27 a person designated by him; and any failure to obey such 480
 28 order may be punished by such Circuit Court as contempt. The 481
 29 fees of subpoenaed witnesses under this Act for attendance 482
 30 and travel shall be the same as fees of witnesses before the
 31 Circuit Courts of this State, such fees to be paid when the 483
 32 witness is excused from further attendance, provided such 484
 33 witness is subpoenaed at the instance of the Director; and 485
 34 payment of such fees shall be made and audited in the same 486
 35 manner as other expenses of the Director. Whenever a

1 subpoena is issued at the request of a complainant, 487
2 respondent or defendant, the Director may require that the 488
3 costs of service and the fee of the witness shall be borne by 489
4 the party at whose instance the witness is summoned. The 490
5 Director shall have power in his discretion to require a 491
6 deposit to cover the cost of such service and witness fees 492
7 and the payment of the legal witness fee and mileage to the 493
8 witness served in the same manner as a subpoena issued out of 494
9 ^{13/} a court of record. The Director may in any investigation, 495
10 cause the taking of depositions of witnesses residing within 496
11 or without the State of Illinois in the manner provided in 497
12 civil actions under the laws of Illinois. 498

13 Section 29. The Department shall not deny, suspend or 499
14 revoke any permit or license except after an opportunity for 500
15 hearing upon not less than 14 days notice given by personal 501
16 service or registered or certified mail to the licensee or 502
17 permit holder concerned. Such notice shall state the date 503
18 and the time and place of such hearing, shall contain a brief 504
19 statement of the proposed action of the Department and the 505
20 ground for such proposed action. The Department may 506
21 temporarily suspend a permit or license without notice and 507
22 prior hearing in this Section prescribed, if the Department 508
23 shall in its opinion deem it necessary. In the event of a 509
24 temporary suspension, the hearing shall be held no later than 510
25 30 days after that action by the Department. Immediately 511
26 after taking action without such notice and hearing, the 512
27 Department shall give to the licensee or permit holder 513
28 concerned written notice by United States mail or confirmed 514
29 telegram thereof and of the date, time and place of a hearing 515
30 to be held thereon and shall conduct such hearing as soon as 516
31 reasonably may be after the giving of such notice, and shall
32 thereupon take such action as may be appropriate under the
33 facts developed. The findings and decision of the Department
34 upon the conclusion of each final hearing held pursuant to
35 this Section shall be set forth in a written order signed by

1 the Director of the Department and shall be filed as a public 517
 2 record. All hearings shall be held before the Director of
 3 the Department or a person designated by him, and appropriate 518
 4 records thereof shall be kept. 519

5 Section 30. When a hearing is ordered under this Act, 521
 6 the Department shall set the matter for hearing and notice of 522
 7 the time and place for the hearing shall be sent to the 523
 8 respondent at least 14 days prior to the hearing. Notice 524
 9 required by this Section is sufficient if sent by registered
 10 or certified mail and addressed to the respondent at the last 526
 11 known address furnished to the Department. The parties to 527
 12 any hearing shall be accorded ample opportunity to present, 528
 13 in person or by counsel, such statements, testimony, evidence 529
 14 and argument as may be pertinent. All testimony taken at any
 15 hearing before the Department shall be reported 530
 16 stenographically or by a sound recording device and a full 531
 17 and complete record shall be kept of all proceedings.

18 Section 31. Whenever it shall appear to the Department 533
 19 that any person engaged or about to engage in any acts or 534
 20 practices which constitute or will constitute a violation of 535
 21 the provisions of this Act, or of any rule or regulation 536
 22 prescribed under authority thereof, the Department may, in
 23 its discretion, through the Attorney General, apply for an 537
 24 injunction without notice, and upon a proper showing, any 538
 25 court of competent jurisdiction shall have power to issue a 539
 26 permanent or temporary injunction or restraining order
 27 without bond to enforce the provisions of this Act, in 540
 28 addition to the penalties and other remedies provided by this 541
 29 Act; and either party to such suit shall have the right to 542
 30 prosecute an appeal from the order of judgment of the Court. 543

31 Section 32. It shall be a Class A misdemeanor for any 545
 32 person to knowingly violate any provision of this Act or any 546
 33 rule or regulation promulgated thereunder, or knowingly to 547
 34 submit any false information required by this Act or any rule 548
 35 or regulation promulgated thereunder; except that, if any

1 person engages in such an offense after one or more prior 549
 2 conviction under this Act, or any law of the United States or 550
 3 its territories, or any State, relating to gambling, he shall 551
 4 be guilty of a Class 4 felony. It shall be the duty of all 552
 5 State and local law enforcement officers to enforce this Act 553
 6 and its regulations.

7 Section 33. Each corporation organized pursuant to this 555
 8 Act must file a list of its shareholders with the Department. 557
 9 ¹⁵ No shares shall be sold or transferred without the approval 558
 10 of the Department.

11 ¹ Section 34. Any party adversely affected by a final 560
 12 order or determination of the Department may obtain judicial 561
 13 review, by filing a petition for review within 35 days after 562
 14 the entry of the order or other final action complained of, 563
 15 pursuant to the provisions of the "Administrative Review 564
 16 Act", approved May 8, 1945, as amended and the rules adopted 566
 17 pursuant thereto. The term "Administrative review", is as 565
 18 defined in Section 1 of the "Administrative Review Act", as 566
 19 amended.

20 Section 35. In no case shall the Director of Revenue of 568
 21 this State, or any person designated by him, in the 569
 22 administration of this Act, incur any official or personal 570
 23 liability by instituting an injunction or other proceeding or 571
 24 by denying, suspending or revoking any license or permit.

25 Section 36. The Department may make and enforce such 573
 26 reasonable rules as are necessary to administer and enforce 574
 27 this Act. Such rules and regulations shall conform to and 575
 28 comply with "An Act concerning administrative rules", 576
 29 approved June 14, 1951, as amended. The Department may in 577
 30 its discretion honor requests for interpretive opinions.

31 Section 37. If any clause, sentence, paragraph, 579
 32 subdivision, Section, provision or other portion of this Act 580
 33 or the application thereof to any person or circumstances is 581
 34 held to be invalid, such holding shall not affect, impair or 582
 35 invalidate the remainder of this Act or the application of

1 such portion held invalid to any other person or 583
 2 circumstances, but shall be confined in its operation to the 584
 3 clause, sentence, paragraph, subdivision, provision or other 585
 4 portion thereof directly involved in such holding or to the 586
 5 person and circumstances therein involved.

6 ARTICLE II 589

7 Section 1. Section 3.3 is added to "The Business 591
 8 Corporation Act", filed July 13, 1933, as amended, the added 592
 9 Section to read as follows:

(Ch. 32, new par. 157.3-3) 594

10 Sec. 3.3. Corporations authorized by the "Policy-Numbers 596
 11 Game Act", enacted by the 81st General Assembly, may be 597
 12 organized under this Act, subject to the provisions of that 598
 13 Act.

14 Section 2. Sections 28-1 and 28-1.1 of the "Criminal Code 600
 15 of 1961, approved July 28, 1961, as amended, are amended to 601
 16 read as follows:

(Ch. 38, par. 28-1) 603

17 Sec. 28-1. Gambling.) (a) A person commits gambling when 605
 18 he:

19 (1) Plays a game of chance or skill for money or other 607
 20 thing of value, unless excepted in subsection (b) of this 608
 21 Section; or

22 (2) Makes a wager upon the result of any game, contest, 610
 23 or any political nomination, appointment or election; or 611

24 (3) Operates, keeps, owns, uses, purchases, exhibits, 613
 25 rents, sells, bargains for the sale or lease of, manufactures 614
 26 or distributes any gambling device; or 615

27 (4) Contracts to have or give himself or another the 617
 28 option to buy or sell, or contracts to buy or sell, at a 618
 29 future time, any grain or other commodity whatsoever, or any 619
 30 stock or security of any company, where it is at the time of 620
 31 making such contract intended by both parties thereto that 621
 32 the contract to buy or sell, or the option, whenever 622
 33 exercised, or the contract resulting therefrom, shall be

1 settled, not by the receipt or delivery of such property, but 623
2 by the payment only of differences in prices thereof; 624
3 however, the issuance, purchase, sale, exercise, endorsement 625
4 or guarantee, by or through a person registered with the 626
5 Secretary of State pursuant to Section 8 of the Illinois
6 Securities Law of 1953, or by or through a person exempt from 627
7 such registration under said Section 8, of a put, call, or 628
8 other option to buy or sell securities which have been 629
9 registered with the Secretary of State or which are exempt 630
10 from such registration under Section 3 of the Illinois 631
11 Securities Law of 1953 is not gambling within the meaning of
12 this paragraph (4); or 632

13 (5) Knowingly owns or possesses any book, instrument or 634
14 apparatus by means of which bets or wagers have been, or are, 635
15 recorded or registered, or knowingly possesses any money 636
16 which he has received in the course of a bet or wager; or 637

17 (6) Sells pools upon the result of any game or contest 639
18 of skill or chance, political nomination, appointment or 640
19 election; or

20 (7) Sets up or promotes any lottery or sells, offers to 642
21 sell or transfers any ticket or share for any lottery; or 643

22 (8) Sets up or promotes any policy game or sells, offers 645
23 to sell or knowingly possesses or transfers any policy 646
24 ticket, slip, record, document or other similar device; or 647

25 (9) Knowingly advertises any lottery or policy game or 649
26 drafts, prints or publishes any lottery ticket or share, or 650
27 any policy ticket, slip, record, document or similar device, 651
28 or any advertisement of any lottery or policy game; or 652

29 (10) Knowingly transmits information as to wagers, 654
30 betting odds, or changes in betting odds by telephone, 655
31 telegraph, radio, semaphore or similar means; or knowingly 656
32 installs or maintains equipment for the transmission or 657
33 receipt of such information; except that nothing in this
34 subdivision (10) prohibits transmission or receipt of such 658
35 information for use in news reporting of sporting events or 659

1 contests. 659

2 (b) Participants in any of the following activities 661
3 shall not be convicted of gambling; 662

4 (1) Agreements to compensate for loss caused by the 664
5 happening of chance including without limitation contracts of 665
6 indemnity or guaranty and life or health or accident 666
7 insurance; and

8 (2) Offers of prizes, award or compensation to the 668
9 actual contestants in any bona fide contest for the 669
10 determination of skill, speed, strength or endurance or to 670
11 the owners of animals or vehicles entered in such contest; 671
12 and

13 (3) Pari-mutuel betting as authorized by the law of this 673
14 State; and

15 (4) Manufacture of gambling devices, including the 675
16 acquisition of essential parts therefor and the assembly 676
17 thereof, for transportation in interstate or foreign commerce 677
18 to any place outside this State when such transportation is 678
19 not prohibited by any applicable Federal law; and

20 (5) The game commonly known as "bingo", when conducted 680
21 in accordance with "An Act making lawful the conducting of 681
22 bingo by certain non-profit organizations, requiring 682
23 licensing and prescribing regulations therefor"; 683

24 (6) Lotteries when conducted by the State of Illinois in 685
25 accordance with the "Illinois Lottery Law", enacted by the 686
26 78th General Assembly; or

27 (7) Possession of an antique slot machine that is 688
28 neither used nor intended to be used in the operation or 689
29 promotion of any unlawful gambling activity or enterprise. 690

30 For the purpose of this subparagraph (b) (7) an antique 692
31 slot machine is one manufactured 25 years ago or earlier. 693

32 (8) The policy-numbers game when conducted in accordance 695
33 with the "Policy-Numbers Game Act", enacted by the 81st 696
34 General Assembly.

35 (c) Sentence. 698

1 Gambling under subsection (a) (1) or (a) (2) of this 700
 2 Section is a Class A misdemeanor. Gambling under any of 701
 3 subsections (a) (3) through (a) (10) of this Section is a 702
 4 Class A misdemeanor. A second or subsequent conviction under 703
 5 any of subsections (a) (3) through (a) (10), is a Class 4 704
 6 felony.

7 (d) Circumstantial evidence. 706

8 In prosecutions under Subsection 28-1 (a) (1) through 708
 9 Subsection 28-1 (a) (10), circumstantial evidence shall have 709
 10 the same validity and weight as in any criminal prosecution. 710

(Ch. 38, par. 28-1.1) 712

11 Sec. 28-1.1. Syndicated gambling.) (a) Declaration of 714
 12 Purpose. Recognizing the close relationship between 715
 13 professional gambling and other organized crime, it is 716
 14 declared to be the policy of the legislature to restrain 717
 15 persons from engaging in the business of gambling for profit 718
 16 in this State. This Section shall be liberally construed and 719
 17 administered with a view to carrying out this policy.

18 (b) A person commits syndicated gambling when he 721
 19 operates a "policy game" or engages in the business of 722
 20 bookmaking.

21 (c) A person "operates a policy game" when, except as 724
 22 authorized by the "Policy-Numbers Game Act", enacted by the 725
 23 81st General Assembly, he knowingly uses any premises or 727
 24 property for the purpose of receiving or knowingly does
 25 receive from what is commonly called "policy": 728

26 (1) money from a person other than the better or player 730
 27 whose bets or plays are represented by such money; or 731

28 (2) written "policy game" records, made or used over any 733
 29 period of time, from a person other than the better or player 734
 30 whose bets or plays are represented by such written record. 735

31 (d) A person engages in bookmaking when he receives or 737
 32 accepts more than five bets or wagers upon the result of any 738
 33 trials or contests of skill, speed or power of endurance or 739
 34 upon any lot, chance, casualty, unknown or contingent event 740

1 whatsoever, which bets or wagers shall be of such size that 741
 2 the total of the amounts of money paid or promised to be paid 742
 3 to such bookmaker on account thereof shall exceed \$2,000.
 4 Bookmaking is the receiving or accepting of such bets or 743
 5 wagers regardless of the form or manner in which the 744
 6 bookmaker records them.

7 (e) Participants in any of the following activities 746
 8 shall not be convicted of syndicated gambling: 747

9 ²⁹ (1) Agreements to compensate for loss caused by the 749
 10 happening of chance including without limitation contracts of 750
 11 indemnity or guaranty and life or health or accident 751
 12 insurance; and

13 (2) Offers of prizes, award or compensation to the actual 753
 14 contestants in any bona fide contest for the determination of 754
 15 skill, speed, strength or endurance or to the owners of 755
 16 animals or vehicles entered in such contest; and 756

17 (3) Pari-mutuel betting as authorized by law of this State; 758
 18 and 759

19 (4) Manufacture of gambling devices, including the 761
 20 acquisition of essential parts therefor and the assembly 762
 21 thereof, for transportation in interstate or foreign commerce 763
 22 to any place outside this State when such transportation is 764
 23 not prohibited by any applicable Federal law.

24 (f) Sentence. Syndicated gambling is a Class 3 felony. 766

25 ~~Section 3. Section 5.79 is added to "An Act in relation 768~~
 26 to State finance", approved June 10, 1919, as amended, the 769
 27 added Section to read as follows:

(Ch. 127, new par. 141.79) 771

28 ~~Sec. 5.79. the Depressed Areas Land Use and Community 773~~
 29 ~~Development Fund.~~

30 ARTICLE III 775

31 Section 1. This Act takes effect upon its becoming a law. 777

Next Amendment No. 2

A

H.B. No. 744

AN ACT authorizing the creation of businesses to operate policy-numbers games, providing for their regulation and taxation, and amending certain Acts in connection therewith.

Pouncey-Gaines et al

81st General Assembly
State of Illinois

FISCAL NOTE REQUESTED BY:
FISCAL NOTE FILED:

Introduced, read by title a first time and ordered
Printed..... MAR 7 1979

Committee on Rules

Committee on Assignment of Bills MAR 7 1979

Referred..... MAR 15 1979

to.....

Re-referred.....

to.....

Reported back..... MAY 10 1979

Read second..... MAY 15 1979

A Bill for