

Winston Files Lawsuit Challenging Constitutionality of Illinois Video Gaming Act

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On April 4, 2017, Winston & Strawn filed a lawsuit challenging the constitutionality of Illinois' Video Gaming Act. The suit has been widely covered in the media by sources such as the [Chicago Tribune](#), the *Chicago Sun-Times*, and the Associated Press, among others.

Litigation Partners Dan Webb and Matt Carter filed the suit on behalf of plaintiffs Illinois Cafe & Services Company and Laredo Hospitality Ventures, which own and operate more than 100 Illinois video gaming locations in 21 counties. The suit challenges the rules that require video gaming establishments to split profits with the businesses that operate the gambling machines.

At issue are two provisions of the Video Gaming Act that are harmful to local businesses and beneficial to terminal operators: (1) businesses must hand over 50% of their profits after taxes to terminal operators; and (2) business owners are not allowed to buy machines on their own.

"I can think of no other industry where, by law, a business is forced to give up 50 percent of their profits and is strictly prohibited from even trying to negotiate better terms," Dan Webb said.

Winston argues that if the establishments were not required to share such a large portion of their profits with the terminal operators, the establishments could upgrade current operations, hire staff, expand or promote their businesses, all of which would help to generate additional revenues and more taxes to the state of Illinois.

The lawsuit also notes that three-fourths of the companies' workers are women and between 25% and 40% are minorities, with many receiving health and benefits packages.

The suit, filed in Cook County Circuit Court against the Illinois Gaming Board, is also seeking to change a February 2017 decision by the Illinois Gaming Board that prohibits terminal operators from funding promotional efforts at the businesses.

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