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Campaign Finance

Video Gambling Firms Lay Cash Bets On Illinois Politicians

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The industry spent more than \$1 million in political donations, helping business spread throughout the state. Is Chicago next on the docket?

Illinois' largest chain of gambling parlors was months away from applying for a Melrose Park liquor license in February 2014 when the firm donated \$750 to Mayor and liquor commissioner Ronald Serpico.

Later that year, Melrose Park officials approved the liquor license and Blackhawk Restaurant Group's five video poker and slot machines went live. Blackhawk has since made \$456,000 off the machines and contributed another \$500 to Serpico.

In nearby Elmwood Park, Blackhawk followed a similar playbook, giving \$1,000 to Mayor and liquor commissioner Angelo "Skip" Saviano in February 2014 -- eight days before applying for a liquor license. The firm's gambling machines have since generated \$622,000 since August 2014 for Blackhawk, which has donated another \$2,000 to Saviano.

"If people want to participate in the political process, they can and they will," Saviano said. "Sometimes they give, sometimes they don't."

The video gambling industry, which currently is operating more than 24,000 machines -- enough to stock 20 full service casinos -- has spent more than \$1 million in the past eight years to curry favor with Illinois politicians and expand the industry's grip statewide, election records show.



Map created by  [Jared Rutecki](#)

Meanwhile, gamblers have placed more than \$32 billion in bets on the machines, generating \$784 million in local and state taxes since 2012. Another \$1.8 billion is split between the thousands of small establishments where people go to play the games across much of the Chicago suburbs and Downstate, and the 55 companies that own the machines and lease them out.

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Pete Pontius, director of loss prevention and compliance for video gambling operator B&B Amusement, said that political donations get the firm “face time” with busy lawmakers.

"It allows us to educate them to make decisions," he said.

In addition to local mayors, the video gambling money is benefitting state lawmakers, whose bill-making powers can drastically expand or shrink the industry's footprint, and some Chicago alderman, who are pushing to expand the video gambling market in Chicago as an alternative to raising taxes.

"Once we as a legislature began to look at the gaming industry as a means of revenue, that opened Pandora's Box," said State Rep. Dan Brady (R-Bloomington), who has taken video gambling campaign cash and sponsored a pro-video gambling bill. "That means that once that is opened like that, the next step is going to be expansion..."

That's exactly what happened in Belleville, a St. Louis suburb on the Illinois side of the Mississippi river. In 2012, Belleville, population 42,000, put video gambling up to a popular vote. Three major gambling machine operators sprang into action, dropping about \$44,300 into a political action committee that supported the ballot measure's passage.

It passed with 56 percent of the vote. Accel Entertainment, the state's highest-earning video gambling operator, contributed \$26,615 to the PAC, which paid for polling and marketing. Accel has since made \$1.3 million off 50 machines in Belleville locations. Likewise, terminal operators Grand River Jackpot and J&J Ventures spent \$4,000 on the PAC. These firms have since generated more than \$1.5 million combined from 42 Belleville video poker and slot machines.

"That's a good return on your investment," said Dean Hardt, the Belleville Treasurer, who had opposed the gambling expansion when he was still a member of the city council. "And it will get nothing but better, because you'll have more money going forward."

Donations have increased as the market for video gambling in Illinois gets ever more

lucrative. More than 28,000 slot machines and video poker machines have been scattered throughout the state in bars, fraternal organizations, restaurants and truck stops -- mostly places that serve liquor. Some communities have barred the machines, the biggest of which is Chicago.

There can be five gambling machines for every establishment, which must be leased from the owners, commonly known as the terminal operators. The profits are subject to a 30 percent state and local tax on top of a small fee to pay for an electronic monitoring system that allows state regulators to keep tabs on the machines.



Dean Hardt

However, there's at least circumstantial evidence suggesting the machines are drawing gambling business away from the state's 10 established casinos. The annual take from state and local taxes on casino revenues declined from \$574 million the year video gambling launched to \$488 million in 2015, according to state records.

Illinois Casino Gaming Association executive director Tom Swoik called it a "cannibalization" of gambling tax revenue.

"All you're going to do from here on out is shift money around from one place to another," he said.

B&B, which owns and operates 295 machines, mostly in truck stops, is one of the most lucrative gambling firms in Illinois, generating at least \$29 million from its machines. The Bloomington-based firm has donated \$10,000 to different politicians.

In the last three years, B&B donated \$2,300 to Brady, whose legislative district includes the firm's headquarters.

Pontius, of B&B, said that the firm approached Brady about expanding the number of video gambling terminals at truck stops.

"In truck stops, five (machines) is very limiting because sometimes, especially in the evenings, there will be people waiting to play," Pontius said. "If they wait too long, they will move down the road."

Last year, Brady sponsored a B&B-friendly bill to allow truck stops to operate 10 video gambling terminals in each location, but it was referred to the rules committee where it has languished.

Brady told the BGA that he addressed B&B's concerns as he would any other business in his district.

Video gambling interests have given more than \$83,000 since 2012 to mayors in the Chicago area. In their dual roles as liquor commissioners, the mayors' signatures are needed on liquor licenses, which are necessary for establishments to operate video gambling machines.

Betting on gaming in Illinois

Companies that represent video gaming interests in Illinois have donated money to politicians around Chicago. Some donations have even gone to those in Chicago, where this type of gambling is not allowed. Here is a breakdown of donations made to local political figures.



33rd Ward Regular
Democratic
Organization
(Richard Mell's
former organization)

Amount

\$20,750

Organizations

Gold Rush Amusements

	<p>\$3,000</p>	<p>Gold Rush Amusements</p>
<p>Ald. Ray Lopez (15th)</p>		
	<p>\$3,750</p>	<p>Gold Rush Amusements Illinois Gaming Machine Operators Laredo Hospitality Management</p>
<p>Ald. Emma Mitts (37th)</p>		
	<p>\$13,600</p>	<p>Gold Rush Amusements Universal Gaming Group Gold Rush CEO Rich Heidner</p>
<p>Berwyn Mayor Robert J. Lovero</p>		
	<p>\$3,750</p>	<p>Illinois Retail Gaming and Operators Association Gold Rush Amusements Blackhawk Restaurant Group</p>
<p>Elmwood Park Mayor Angelo "Skip" Saviano</p>		
	<p>\$2,300</p>	<p>B&B Amusement of Illinois</p>
<p>State Rep. Dan Brady</p>		

Data From the Board of Elections

Jared Rutecki | BGA

In Berwyn, gambling interests donated \$13,600 to Mayor Robert Lovero from September 2012 through September 2016. Gold Rush, one of the largest gambling machine operators, and its top executive, gave \$11,600 to Lovero. Gold Rush-owned machines in 14 Berwyn locations have generated more than \$1.4 million for the firm since its first machines went live in October 2012.

One of the smaller-sized gambling companies, Fair Share Gaming, gave \$1,500 to the political campaign of Blue Island Mayor Domingo Vargas. The Tinley Park-based firm has machines in six Blue Island locations -- including five in the clubhouse of the city-owned golf course -- that combined have generated \$1.2 million for the firm since December 2012.

Video gambling interests in some villages, such as Elmwood Park and Melrose Park, donated to local mayors before getting the liquor licenses.

Blackhawk Restaurant Group, the largest and most successful gambling parlor chain in the state, gave \$1,000 in October 2012 to the campaign of Oakbrook Terrace Mayor Tony Ragucci -- one day before the village board awarded a liquor license to the firm.

The Oakbrook Terrace-based gambling parlor chain now has three locations with 15 machines in the village, generating \$1.3 million since the machines went live in December 2013.

"Every business in my town has the option to contribute to my campaign fund," Ragucci said, noting he didn't vote on agenda item.

The city of Chicago banned video gambling long before it was legalized in Illinois, and Mayor Rahm Emanuel supports having a casino in the city rather than thousands of machines spread citywide.

Still, video gambling interests have contributed \$78,200 to Chicago officials in the past two years, the biggest chunk of that coming from Gold Rush, the Glendale Heights



company that's taken in \$46 million from more than 1,400 machines.

Rick Heidner, Gold Rush's chief executive officer, is betting that Chicago eventually will allow video gambling. "Maybe not when Mayor Rahm Emanuel is mayor," Heidner says, "but maybe in the future under a different mayor.

Gold Rush contributed more than \$107,000 to elected officials statewide in the past three years, including \$48,000 to Chicago politicians.

Gold Rush gave more than \$20,000 to the 33rd Ward Democratic Organization, which had long been run by former Ald. Richard Mell. Heidner and his wife also gave \$12,500 to the campaign of Mell's daughter, current Ald. Deb Mell (33rd), who said she doesn't support gambling.

Heidner said he met Richard Mell, now a Chicago lobbyist, nearly 20 years ago when he demolished a vacant building in the ward Mell then represented in the city council and replaced it with a new office. The two men remain friends, Heidner said. Mell, who supports video gambling, accompanied Heidner on Oct. 7 to a meeting of state gaming regulators.

Last November, Gold Rush also gave \$1,000 to Ald. Raymond Lopez (15th) 16 days before he sponsored a proposed ordinance in the Chicago City Council to allow gambling. Twenty-four of the city council's 50 aldermen signed on as co-sponsors to the proposal, which has so far not budged out of the finance committee.

Lopez, who got another \$2,000 from Gold Rush in April, says video gambling could bring the city millions of dollars of added revenue without "tapping the same well of property taxes."

In the months before the vote, Gold Rush gave \$2,500 to the campaigns of ordinance cosponsors Ald. Milly Santiago (31st) and \$1,500 to Ald. Emma Mitts (37th), who received another smaller contribution from the company in March. A video gambling

lobby group also gave Mitts \$1,500 in January 2015 and gambling parlor firm Laredo Hospitality Management gave her \$500 in March 2015.

Days before the proposal was introduced, Gold Rush gave \$1,000 to another co-sponsor, Ald. Proco Joe Moreno (1st).

“I think the moral argument on gambling has been had, and it has been basically won by the side that says we want gambling in the cities,” Moreno said.

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Image credit: Doug Longhini | Better Government Association



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