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Casino Alert - September 9, 2022



New questions raised over Chicago casino bid

Activists and church groups are urging the state gaming board to go slow amid concerns about Bally's financing, legal and other woes.

Asserting that the Illinois Gaming Board faces the biggest challenge to its credibility in decades, an activist group with church connections is urging the board to go slow and potentially block a bid by Bally's to operate Chicago's proposed casino. In a letter to the board, Washington, D.C.-based Stop Predatory Gambling and Illinois Churches in Action charge that Bally's is "financially wobbly," has run afoul of regulators in Rhode Island, and would hold "undue economic influence" in Illinois gaming business if the board grants Mayor Lori Lightfoot's request to award the company the city license.

"This board must conduct a full and thorough suitability investigation and stand up against the pressure to hastily issue a license," the groups wrote. The seven-page note compares the situation to another two decades ago, when officials initially signed off on the proposed Emerald Casino in Rosemont under strong political pressure only to have its license ultimately pulled

amid allegations that some of those involved had ties to organized crime.

The letter does not raise any questions about Mafia involvement. But it does cast a light on a series of other matters that potentially could impact the board.

One is Bally's alleged "lack of candor" **in its application, filed Aug. 10.**

Contrary to what the firm said about its suitability, Bally's Corp., the parent company of the applicant, has been cited in Rhode Island for letting "several unlicensed employees" work in its casino and for improperly incurring excessive debt to pay a dividend to shareholders and buy back stock, the letter states. The latter is only one sign of financial weakness, the letter asserts, with Bally's predecessor firm having gone bankrupt, and the firm recently reporting it had only \$176 million in cash despite its promise to invest \$1.6 billion in Chicago. That parallels some concern in the financial markets about Bally's ability to finance the Chicago deal, **with Fitch and S&P recently lowering their outlook on company debt from neutral to negative.**

Beyond that, Bally's has improperly pushed the line that everything is set to go, for instance telling an investor conference that it already has ordered slot machines for a temporary casino in the former Medinah Temple, even though license applicants are supposed to wait for approval before taking such steps, the groups charge. The company has bragged about raising "meaningful revenues" from jurisdictions in which gambling is illegal and already controls two licenses in Illinois itself or through its chairman, Soo Kim.

Neither Bally's nor Lightfoot's office had any immediate reaction to the letter.

Bally's has said it hopes to open its temporary location sometime next year, with the permanent River West casino sometime in 2026. Lightfoot has urged quick approval of the license, saying the city badly needs the tax revenue the casino will generate to prop up financially weak police and fire pension funds. [READ](#)

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