



# ILCAAAP

Illinois Church Action on Alcohol & Addiction Problems

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## Letter to Gambling Board -February 7, 2023



### **RE: Major New Information Revealed by *The Chicago Sun-Times* Investigation into the Bally's Chicago Casino Project and Temporary Casino**

Dear Chairman Schmadeke, Board Members, Administrator Fruchter, and Governor Pritzker:

On February 5, 2023, the *Chicago Sun-Times* printed the enclosed article, [\*\*"These are some of the people in line to profit from Lightfoot's Bally's casino deal."\*\*](#) The article details circumstances that raise serious ethical concerns with the awarding of the contract to Bally's Corp. to develop the Chicago casino. The article explains that key subcontractors of Bally's provided significant campaign contributions and other electoral support to Mayor Lightfoot:

"Other companies that stand to profit from the new casino or employees of those companies also have given money to Lightfoot's campaign, records show. Some of those contributions came before the process began to decide who would get the casino deal. Some were made amid Lightfoot's vetting process. And others were made after the mayor chose Bally's," - *Chicago Sun-Times*, Feb. 3, 2023

The pattern of sizable campaign contributions from executives

involved in the bid detailed by the *Sun-Times* raises further concern about whether these contributions complied with the terms of the city's Ethics Ordinance and Executive Order 2011-4. In June 2022, Stop Predatory Gambling raised similar ethical concerns to the Office of Inspector General Deborah Witzburg in via a formal letter. The Illinois Gambling Board is empowered to determine whether key municipal officials and executives with the applicant adhered to all ethical standards outlined in the city's RFP, municipal codes, state gambling and procurement laws and Illinois Gambling Board regulations.

Concerns over the integrity of the mayor's selection process have been repeatedly raised by the news media and again on Feb. 3, 2023. We strongly urge the Illinois Gambling Board to conduct a thorough investigation of the circumstances of the contracting decision and publicly provide updates regarding your findings.

### **Proposed Owners of Chicago Casino is Closely Linked to Associate of Indicted Speaker Michael Madigan**

During the RFP bidding and city council selection process it was never publicly revealed that Bally's Corp. would sell its significant equity stake in the proposed casino. On Nov. 21, 2022, the applicant announced a completed transaction where a private investor purchased the proposed casino site for \$200 million and committed another \$300 million to fund the construction of the project in exchange for a 299-year lease.

**There has limited been virtually no public disclosure regarding who will actually own the Chicago casino through this newly formed, Delaware-based limited liability company.** *The Chicago Sun-Times* just revealed that one of the proposed owners has longstanding business ties to federally indicted Speaker Michael Madigan and his family: "Lightfoot's approval of a casino deal with Bally's also could be lucrative for Michael Mackey, an executive of Alliant/Mesirow Insurance Services, where the son of indicted former Illinois House Speaker Michael J. Madigan also is an executive. Mackey is on the board of Oak Street Net Lease Trust, which recently bought the Tribune printing plant for \$200 million and is leasing the property to Bally's for the casino...As an Oak Street board member, Mackey receives an undisclosed salary. His compensation could rise with the value of the investments including the casino, according to a knowledgeable source." - *Chicago Sun-Times*, Feb. 3, 2023.

In determining the suitability of Oak Street Net Lease Trust and associated companies to be an owner of the Chicago casino, we would urge the Illinois Gambling Board's investigators to review Mr. Mackey's previously reported involvement in controversial matters:

- “The mayor said he has never spoken with Andrew Madigan about insurance business and instead hired Mesirow because of another rainmaker, senior managing partner Mike Mackey, whom he has known for years,” [Madigan's son's employer rakes in suburbs' insurance business](#), *Chicago Tribune*, Aug. 23, 2012
- “When Mesirow Financial — which sold its insurance arm to Alliant Insurance Services in July 2016 but retains a “small, minority interest” — built itself a skyscraper at 353 N. Clark St. a decade ago, the company hired the speaker's law firm, Madigan & Getzendanner,” [Southwest suburbs that feds visited use insurance broker where Madigan's son is an exec](#), *Chicago Sun-Times*, Oct. 25, 2019
- “Andrew Madigan works for Alliant/Mesirow Insurance Services, helping the company develop business. For many years, his work included soliciting insurance work from suburban municipal governments, including Alsip, Lyons, McCook, Schiller Park and Summit. All of those suburbs have been under investigation by federal authorities,” [Mike Madigan accused by feds of hitting up Ald. Solis to help Madigan's son win business](#), *Chicago Sun-Times*, March 9, 2022

Mr. Mackey's executive and financial involvement in the ownership group is just one concern raised by this transaction. Prior to any suitability or licensing determination announced by the Illinois Gambling Board a materially significant transaction occurred. It is of vital public interest to know the sources of funds for the initial \$200 million that have already been spent to purchase the proposed site of the Chicago casino and where the remaining \$300 million of committed capital is to come from.

### **Revealing the Truth Behind the Temporary Casino**

The citizens and local elected officials who oppose the location of the temporary casino at the Medinah Temple are entitled to know that the decision to site the location at this property adhered to all ethical and legal requirements. *The Chicago Sun-Times* reported: “Lightfoot's approval of the Bally's deal is also a potential windfall

for Friedman Properties, the landlord for Lightfoot's campaign fund's offices.... Friedman Properties' chairman and chief executive officer is developer Albert Friedman, a longtime client of the indicted speaker's law firm Madigan & Getzendanner, which has appealed the property taxes for many Friedman properties," *Chicago Sun-Times*, Feb. 3, 2023

Mayor Lightfoot's administration reiterated her claim that her office had nothing to do with the decision to locate the temporary casino at the property owned by Friedman:

"Her spokesman says, "The mayor had no involvement in the site selection of the temporary casino," *Chicago Sun-Times*, Feb. 3, 2023

The Chairman of the casino applicant told the citizens and news media that the city encouraged the applicant to enter into a contract to use the Friedman-owned property in May of 2022:

"At the city's urging, Bally's signed a letter of intent to use the landmark Medinah Temple building in River North as its temporary casino. Kim said Friday he would prefer the Chicago Avenue site and was "not crazy" about switching to Medinah Temple. Bally's will continue to look for alternatives for its temporary casino, he said," "[Chicago rolls the dice on Bally's. Hedge fund owner Soo Kim says the rebranded casino company will deliver](#)," *Chicago Tribune*, May 7, 2022.

"However, Bally's initially proposed operating a temporary casino in an empty warehouse on the Tribune property and Kim has told several news organizations that they agreed to change that plan in response to a request from Chicago officials," [Mayor Lori Lightfoot's Casino Pick Gets Cool Reception from Chicago City Council Members](#), *WTTW Chicago Tonight*, May 9, 2022

The owner of the Medinah Temple is a significant campaign contributor to Mayor Lightfoot and had an ongoing business relationship with Lightfoot's campaign committees. Yet the Mayor and applicant each have offered differing answers as to why and how the Medinah Temple location was selected.

The Illinois Gambling Board must use its full investigatory authority to determine the truth and publicly resolve the disputed facts between the applicant's chairman and the mayor of Chicago.

### **Request for Written Records Under Section 5.1 of the Illinois Gambling Act**

The citizens and taxpayers of Chicago deserve to know who is

financially benefitting from the Chicago casino.

Consistent with Section 5.1 of the Illinois Gambling Act, Stop Predatory Gambling formally requests the disclosure of records on file with the Illinois Gambling Board provided for in Section 5.1(a) subsections (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) for the following licensees:

- Medinah Building, LLC
- Medinah Holdings, LLC
- OakTrust Operating Partnership L.P.
- Oak Street Net Lease Trust
- BACHIL001 LLC

If Section 5.1 requests are to be requested in a different manner or through a different form, please respond and we will expeditiously file our request. We request the information be provided for in an electronic format to the following email(s) [zach@stoppredatorygambling.org](mailto:zach@stoppredatorygambling.org), [ilcaaap@sbcglobal.net](mailto:ilcaaap@sbcglobal.net), and [les@stoppredatorygambling.org](mailto:les@stoppredatorygambling.org).

Given the immense public interest in the matter and our status as a non-profit, we ask for the waiver of any fee associated with the production of the records.

If we can offer further information to assist with your investigation and review, please contact us at (202) 567-6996 or [mail@stoppredatorygambling.org](mailto:mail@stoppredatorygambling.org).

Thank you for the important work you and your colleagues do.

Sincerely,

Les Bernal, National Director  
Director  
Stop Predatory Gambling  
(ILCAAP)

Rev. Shane Hartman, Executive  
Illinois Churches in Action

Zach Savella Stallard, Organizer  
Stop Predatory Gambling Illinois

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