



June 17, 2022

Inspector General Deborah Witzburg  
City of Chicago Office of Inspector General  
740 N. Sedgwick, Suite 200  
Chicago, Illinois 60654-2996

**RE: Inspector General Investigation into the Evaluation Process and Approval Process of the Bally's Casino Project and the Temporary Casino Project**

Dear Inspector General Witzburg:

Our organization has fought against the corrupting influence of the commercialized gambling industry in Illinois and across the nation for decades. The egregiousness and audacity of the serious unethical conduct involved with the Chicago Bally's Casino project, *approved in just twenty days*, is among the most notable we can ever recall in a selection process, and you must thoroughly investigate.

This letter serves as our formal complaint and our call for an immediate investigation involving the Evaluation Process and the Approval Process for the Chicago Bally's Casino Project and the temporary casino at Medinah Temple.

We also call on you to exercise your authority to order an immediate halt to both the Bally's Casino project and the temporary casino at Medinah Temple until your office has conducted and completed its investigation.

The publicly-known facts that merit immediate investigative action by you and your office include:

- **Illegal Campaign Contributions**
- **Partnerships With Building Contractors Known for Corruption**
- **Appearance of Public Officials, Including City Staff, Financially Benefitting From the Bally's Casino Project**
- **Favoritism**
- **Conflicts of Interest**
- **Lack of Transparency in a Rushed Process**
- **Inflated Financial Projections Without Credibility and Legitimacy**

The powerful link between commercialized casinos and political corruption is well-known and well-documented. The casino industry has long been attracted to regions with what researchers call an “existing culture of corruption.”<sup>1</sup> While corruption convictions increase after casinos are legalized, researchers also found the corrupting influence of casino interests was at work a year or two *before* casinos were legalized.<sup>2</sup>

Even the most casual political observer would conclude that a “culture of corruption” exists in Chicago and Illinois state government which is why those charged with the duty to protect the public interest like you and your colleagues must aggressively investigate and prosecute those who violate the law to serve their own interests.

Below is a detailed list of some of the publicly-known facts about the Chicago Bally’s Casino Project and the temporary casino at Medinah Temple that merit immediate investigative action by you and your office:

### 1) **Illegal Campaign Contributions**

- Contributions were made to the Lightfoot for Chicago Committee, Light PAC, and the 28th Ward Democratic Organization connected to Casino Committee Vice Chairman and Alderman Jason Ervin, by contractors and other parties connected to the Chicago Bally’s Casino and the temporary casino at Medinah Temple during the evaluation process. The contributions give the appearance of being coordinated with each other and the key steps in the decision-making process. These contributions by contractors violate Chicago's Executive Order No. 2011-4. The contribution related to Medinah Temple gives the appearance of having influenced the city to rearrange the existing proposals to include Medinah Temple as the temporary site though it was not previously associated with the selected casino finalist. Below are some of the illegal contributions our investigation has found thus far:
  - **d'Escoto Inc.**, a member of the Chicago Community Builder's Collective, \$2,500 to 28th Ward Democratic Organization on 12/8/21<sup>3</sup>
  - **Kelly Powers Baria, Powers and Sons Construction**, a member of the Chicago Community Builder's Collective Builders, \$2500 to Light PAC on 12/16/21<sup>4</sup>
  - **Jimmy Akintonde of Ujamma Construction**, a member of the Chicago Community Builder's Collective, \$2500 to Light PAC on 12/22/21<sup>5</sup>

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1 “For states, gambling on casinos may be a bad bet,” Pew Research Center, July 2, 2013 <https://www.pewresearch.org/fact-tank/2013/07/02/for-states-gambling-on-casinos-may-be-a-bad-bet/>

2 “For states, gambling on casinos may be a bad bet,” Pew Research Center, July 2, 2013 <https://www.pewresearch.org/fact-tank/2013/07/02/for-states-gambling-on-casinos-may-be-a-bad-bet/>

3 <https://illinoissunshine.org/contributions/5726995/>

4 <https://illinoissunshine.org/contributions/5669221/>

5 <https://illinoissunshine.org/contributions/5669139/>

- **Latoyia Huggins, daughter of Larry Huggins of Riteway-Huggins**, a member of the Chicago Community Builder's Collective, \$400 to Light PAC on 12/29/21<sup>6</sup> and \$1,500 to Lightfoot for Chicago on 3/23/22<sup>7</sup>
- **Albert M. Friedman, owner of the location for the temporary casino at Medinah Temple**, \$6000 to Lightfoot for Chicago on 3/22/22<sup>8</sup>
- **Ackerman LLP, the law firm of Jack George, zoning lawyer for the casino project**, \$2,500 to Lightfoot for Chicago on 3/23/22<sup>9</sup>

## 2) Partnerships with Building Contractors Known for Corruption

- **Miguel d'Escoto of d'Escoto, Inc is a prominent member of the Chicago Bally's Casino presentation team at community forums and is a key member of the Chicago Community Builder's Collective. The inclusion of d'Escoto and his business raises legitimate concerns about Bally's commitment to avoiding corruption.** Mr. d'Escoto is well-known for his involvement in a corruption scandal at UNO Charter Schools.<sup>10</sup> During his role as a vice-president, large contracts were directed to his family business without taking other bids or following a sealed-bid process.<sup>11</sup> It was also found he directed business to relatives of the institution's lobbyist and a powerful legislator.<sup>12</sup> In addition, Mr. d'Escoto was part of an executive team that was the focus of a detailed investigation by the *Chicago Sun-Times* for using public funds for inappropriate luxury expenses.<sup>13</sup>
- **Gilbane, a contractor in the Chicago Community Builder's Collective and the original general contractor for the Chicago Bally's Casino proposal, has been investigated by federal and state authorities for corrupt pay-to-play practices for public contracts and rampant misclassification of workers as independent contractors.** Gilbane is also known for repeated false claims involving government requirements for minority- and disabled veteran-ownership of construction. Below are some of the publicly known facts about Gilbane's unlawful and corrupt practices:
  - **Gilbane was at the center of a corruption scandal that was labeled the "largest public corruption scandal in San Diego County history" in 2013.**<sup>14</sup> It engaged in

<sup>6</sup> <https://illinoisunshine.org/contributions/5669191/>

<sup>7</sup> <https://illinoisunshine.org/contributions/5669191/>

<sup>8</sup> <https://illinoisunshine.org/contributions/5721458/>

<sup>9</sup> <https://illinoisunshine.org/contributions/5721388/>

<sup>10</sup> "UNO exec quits after questions raised", Chicago Sun-Times, March 25, 2016, <https://chicago.suntimes.com/2016/3/25/18407381/uno-exec-quits-after-questions-raised>

<sup>11</sup> "UNO exec quits after questions raised", Chicago Sun-Times, March 25, 2016, <https://chicago.suntimes.com/2016/3/25/18407381/uno-exec-quits-after-questions-raised>

<sup>12</sup> "UNO exec quits after questions raised", Chicago Sun-Times, March 25, 2016, <https://chicago.suntimes.com/2016/3/25/18407381/uno-exec-quits-after-questions-raised>

<sup>13</sup> "THE WATCHDOGS: UNO's secret spending spree", Chicago Sun-Times, January 30, 2017, <https://chicago.suntimes.com/2017/1/30/18384640/the-watchdogs-uno-s-secret-spending-spreed>

<sup>14</sup> "District Will Recover Contract Money", The Star-News, March 12, 2016, <https://www.thestarnews.com/district-will-recover-contract-money/>

pay-to-play practices including gifts to local officials that resulted in being awarded contracts with San Diego schools.<sup>15</sup>

- Gilbane was investigated by the U.S. Department of Justice for establishing a front company to take work intended for disabled veterans and fined more than \$1 million for its illegal conduct.<sup>16</sup>
- In 2021, Gilbane was found to have made fraudulent claims regarding minority participation in construction of a Massachusetts baseball park, claiming participation eight times higher than reality in order to meet local agency standards.<sup>17</sup>
- In 2021, Gilbane was investigated by the Attorney General of the District of Columbia for rampant misclassification of workers as independent contractors and failure to provide overtime pay and sick leave, in order to cut labor costs, and provide low bids for contracts.<sup>18</sup>

### 3) Appearance of Public Officials, Including City Staff, Financially Benefitting from the Chicago Bally's Casino Project

Before voting on the Bally's casino proposal, Alderman Nicholas Sposato encouraged those attending the meeting to buy stock with the company:

*“Anybody who wants to buy, Bally's is less than \$27 a share. Get it while it's cheap,” he said.<sup>19</sup>*

Ald. Sposato's audacious comments raises legitimate questions that must be investigated on behalf of the public. Did Ald. Sposato, his colleagues on the City Council, or any official connected with Chicago city government buy or trade Bally's Casino stock during the casino evaluation process? Were any stock purchases disclosed under Section 2-156-080 of the Ethics Ordinance? If stock purchases did occur, would not these purchases violate the city's Host Community Agreement with Bally's which reads: "No member of or delegate to the Congress of the United States or the Illinois General Assembly and no alderman of the City or City employee is allowed to be admitted to any share or part of this Agreement or to any financial benefit to arise from it"?

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<sup>15</sup> "District Will Recover Contract Money", The Star-News, March 12, 2016, <https://www.thestarnews.com/district-will-recover-contract-money/>

<sup>16</sup> "Gilbane Building Company To Pay \$1.1 Million To Resolve False Claims Allegations" Department of Justice, March 18, 2015, <https://www.justice.gov/usao-mdfl/pr/gilbane-building-company-pay-1-1-million-resolve-false-claims-allegations>

<sup>17</sup> "Polar Park Builder Admits Providing Inaccurate Reports That Exaggerated Minority Business Participation" WGBH, April 9, 2021, <https://www.wgbh.org/news/local-news/2021/04/09/polar-park-builder-admits-providing-inaccurate-reports-that-exaggerated-minority-business-participation>

<sup>18</sup> "AG Racine Sues Construction Companies for Misclassifying Workers and Violating Workers' Rights" Office of the Attorney General of the District of Columbia, October 18, 2021, <https://oag.dc.gov/release/ag-racine-sues-construction-companies>

<sup>19</sup> "Fast-Tracked Chicago Casino Is The Parking Meter Deal All Over Again, Ald. Says As He Vows To Fight It," Block Club Chicago, May 9, 2022 <https://blockclubchicago.org/2022/05/09/chicago-casino-is-the-parking-meter-deal-all-over-again-river-north-ald-says-as-he-vows-to-block-it/>

#### 4) Favoritism

- **Bally's Casino received preferential treatment by paying *only one application fee for their two proposals*, while another applicant with two proposals was required to *pay two separate application fees*, saving Bally's \$300,000.<sup>20</sup>**

#### 5) Conflicts of Interest

- **In what is a serious conflict of interest by any measure, the city relied on revenue projections provided by Union Gaming Analytics, a gambling consulting firm, as a key justification for its selection of Bally's proposal despite the fact that Bally's is a major client of Union Gaming.** The two companies share significant financial ties with one another. Within the last year alone, Bally's worked with Union Gaming on hundreds of millions of dollars in funding.<sup>21</sup>

#### 6) Lack of Transparency in a Rushed Process

- **The Evaluation Committee made a monumental decision that will affect the future of the city for a generation *in one day after meeting only once*:**

“In a public meeting, Deputy Mayor Samir Mayekar was challenged about the City’s rushed timeline, asking how it was possible Mayor Lightfoot told reporters May 3 the City’s Evaluation Committee hadn’t met, yet the Committee’s final recommendation was revealed two days later. Mayekar said the Committee met the evening of May 3 after Lightfoot talked to reporters.”<sup>22</sup>

- Shortly after the Mayor’s public remarks on May 3rd, leaks and rumors of a selection began circulating. A formal announcement with dozens of speakers occurred *two days later* on May 5th, indicating significant pre-planning.
- **The names of Evaluation Committee members, who made this major decision *in one day after meeting only once*, were anonymous while they were “evaluating” the casino proposal.**<sup>23</sup>
- The Bally's proposal was announced on May 5 after only one meeting of City Council's Special Committee on the Chicago Casino, failing to provide ample opportunity for the city's

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<sup>20</sup> “Lightfoot's \$300K gift to Bally's casino: City Hall secretly offered a two-for-one deal to one casino bidder that was not given to a competitor. Why?” Crain’s Chicago Business, April 20, 2022

<https://www.chicagobusiness.com/greg-hinz-politics/chicago-casino-bidder-ballys-gets-break-300000-application-fee>

<sup>21</sup> “A key Lightfoot casino adviser raised money for one of the bidders”, Crain's Chicago Business, April 29, 2022

<https://www.chicagobusiness.com/greg-hinz-politics/key-lightfoot-chicago-casino-adviser-raised-money-ballys>

<sup>22</sup> “Fast-Tracked Chicago Casino Is The Parking Meter Deal All Over Again, Ald. Says As He Vows To Fight It,” Block Club Chicago, May 9, 2022

<https://blockclubchicago.org/2022/05/09/chicago-casino-is-the-parking-meter-deal-all-over-again-river-north-ald-says-as-he-vows-to-block-it/>

elected representatives to provide input to the selection process. Minutes or recorded video from that meeting are still not publicly available at the time of this letter.<sup>24</sup>

- After the Mayor's office selected a winning bidder, a rushed and unprecedented timeline to obtain approval was unleashed on the City Council, Chicago residents, and neighbors of the temporary and permanent location *that lasted a mere twenty days*. As reported by the *Chicago Sun-Times*, this "process" offered citizens virtually no opportunity for transparency through public scrutiny and legislative review:

*"The 27-3 committee vote came during a dizzying day at City Hall. The City Council had met earlier Monday, recessed, then reconvened after the casino committee's vote. The full council then voted to "defer and publish" the host agreement, setting the stage for final approval on Wednesday."*<sup>25</sup>

## 7) Inflated Financial Projections Without Credibility and Legitimacy

- The Host Community Agreement approved by City Council *includes no details of the project's financing*, including the opaque and untested crowdfunding initiative stuffed into the proposal to meet city expectations for minority investment.
- Our organization rarely engages in debates around casino revenue projections because we believe people are worth more than money. The amount of money a city government or state extracts from the gambling losses of its own citizens is irrelevant because of the intense poverty, addiction, and human suffering that predatory gambling causes. But put that truth to the side for the moment: Were the citizens of Chicago presented accurate and unbiased information about the revenue projections for the proposed casino? The answer is no. It is why Bally's refuses to both guarantee its casino revenue estimates and hold Chicago taxpayers harmless when the casino profits inevitably fall short.
- **Even independent national gambling industry analysts dismiss Bally's projections:** "I don't think those projections will be met," said Alan Woinski, president of Gaming USA, a national gambling industry analyst. Woinski said city casinos have had a rough track record in recent years, and that locations on the outskirts of cities often do better. He cited "ease of access" as the main factor in a casino's success.<sup>26</sup>

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<sup>24</sup> "Special Committee on the Chicago Casino", Office of the City Clerk, accessed June 15, 2022,

<https://chicago.legistar.com/DepartmentDetail.aspx?ID=47773&GUID=69036AF4-D573-4100-A0F2-4B6468757C37>

<sup>25</sup> \$1.7 billion Bally's Chicago casino clears key hurdle", Chicago Sun-Times, May 23, 2022, <https://chicago.suntimes.com/city-hall/2022/5/23/23138603/chicago-casino-city-council-vote-ballys-river-west-lightfoot-medinah>

<sup>26</sup> "Chicago rolls the dice on Bally's. Hedge fund owner Soo Kim says the rebranded casino company will deliver.", Chicago Tribune, May 7, 2022 <https://www.chicagotribune.com/business/ct-biz-ballys-chicago-casino-soo-kim-20220507-lvzoasz2vdflexfhcfxfoxyimi-story.html>

- **Chicago’s own independent non-partisan government research institutions like the Civic Federation have also weighed in, challenging the legitimacy and credibility of projected casino revenues put forward by city officials and Bally’s representatives:**

*"The Civic Federation has concerns over the City of Chicago’s proposed reliance on casino revenues as a major funding source for its Police and Firefighter pension funds. While a casino may generate some budgetary relief, gambling revenues can be unreliable, particularly over the long run, and should be budgeted with caution.”<sup>27</sup>*

The publicly-known facts presented in this complaint merit an immediate and full investigation by the Inspector General’s Office. If we can offer further information to assist with your investigation, 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  
Stop Predatory Gambling



Zach Savella Stallard, Organizer  
Stop Predatory Gambling Illinois

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<sup>27</sup> "Chicago Chooses a Casino Site", The Civic Federation, May 20, 2022, [https://www.civiefed.org/blog/chicago-chooses-casino-site/#\\_ftn11](https://www.civiefed.org/blog/chicago-chooses-casino-site/#_ftn11)