

# Illinois Gambling In Limbo As New Governor Takes Office

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The regulation of gaming in Illinois is in suspended animation as the industry waits for the new governor to appoint a chairman to the state's gaming board.

Despite the uncertainty, Chicago gaming attorney Cory Aronovitz said prospects for casino expansion in the Prairie State should improve under Republican Governor Bruce Rauner.

"I think that the current governor has an appetite for the expansion of gaming," Aronovitz said.

"I think this governor has a goal of expanding [gaming] which would include something in Chicago, and I'm not sure that the prior administration, with the prior chairman, were in agreement with that."

Former Democratic Governor Pat Quinn, who was defeated by Rauner in November, vetoed **two gambling expansion bills** – one in 2012 and the other in 2013.

Aronovitz said Quinn vetoed both bills primarily because of the advice of Aaron Jaffe, who was chairman of the Illinois Gaming Board.

Rauner dismissed Jaffe as chairman earlier this month, but has yet to name a successor. No one has emerged as a likely replacement with the board's next meeting less than three weeks away.

"The prior chairman of the gaming board consistently came under attack by lawmakers as assuming the role of lawmaker and not the role of regulator," Aronovitz said.

Illinois lawmakers who support gaming expansion want a chairman who understands that the intent of the state's gaming law is "to maximize revenues while maintaining the integrity of the regulatory environment," Aronovitz said.

Rauner also has a better relationship with Democratic Mayor Rahm Emanuel of Chicago than Quinn did, according to sources.

Emanuel has aggressively pursued a gambling resort in Chicago and many observers say gaming expansion will not happen in Illinois **until the state's largest city gets a casino**.

Rauner also dismissed another Quinn appointee, William Berry, who was chairman of the Illinois Racing Board, and appointed three new members to that board on Tuesday.

The racing board met Tuesday, but the Illinois Gaming Board has not met since November and is down to one member, Lee Gould, whose term expires in July.

"Frankly, from my perspective, it would be great if he is the chairman but that remains to be seen," said Paul Jenson, a Chicago attorney whose practice includes frequent interaction with the gaming board.

The gaming board is supposed to include five members, and at least three members are required to form a quorum.

Until at least two more new members are appointed by Rauner, the gaming board cannot act on a backlog of about 200 applications from businesses hoping to operate video gaming machines in Illinois.

"Nothing can be done right now," said Tom Swoik, executive director of the Illinois Casino Gaming Association.

Gaming licenses due for renewal will remain active until a new gaming board is formed.

Rauner may struggle to find qualified candidates who are willing to serve on the gaming board. Members are paid a modest \$300 per board meeting plus expenses and there are usually only two meetings per month.

“January and February are typically heavy months for gaming board action so our new board is going to be faced with a pretty substantial amount of work,” Jenson said.

“In addition, they’re going to be facing the Caesars bankruptcy question as well.”

On Wednesday, Judge Kevin Gross of the U.S. Bankruptcy Court in Wilmington, Delaware, said the financial restructuring of Caesars Entertainment, which is \$18.4bn in debt, can proceed in Chicago.

Caesars also operates two casinos in Illinois in Joliet and Metropolis.

Meanwhile, Illinois Attorney General Lisa Madigan has sent a letter to the Illinois Lottery, scuttling the lottery’s **termination agreement** reached last year with management company Northstar.

Quinn, the former governor, moved to scrap Northstar’s ten-year management contract with the Illinois Lottery last August and lottery officials announced an agreement to terminate the deal in December.

“The proposed settlement may result in obligating the state to pay more fees and expenses than the state has paid in prior fiscal years,” Madigan said in a January 16 letter.

Illinois Lottery director Michael Jones did not immediately respond to a request for comment.

