

NEWS

...from the Illinois House of Representatives

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Speaker Madigan: Further Casino Expansion in Illinois Must Go Hand-in-Hand With A Genuinely Independent Gaming Board

CHICAGO --- House Speaker Michael J. Madigan on Monday offered a proposal to transform the Illinois Gaming Board into a genuinely independent agency with multiple layers of checks and balances that would ensure the integrity of gaming in the state and better safeguard the public interest. Madigan stated that a reconstituted board is an essential pre-condition for any further expansion of casino gambling in the state.

“Two weeks ago, the House Gaming Committee held a hearing in Chicago to give gambling legislation passed by the Senate a thorough review,” Madigan said. “A great deal was learned about what additional elements would be necessary if Illinois is to go from the status quo to become a gambling mecca larger than Atlantic City. What stood out, above all else, was the need to remove the possibility for cronyism, corruption and collusion when it comes to hiring, contracting and regulating casino gaming in Illinois. Today’s proposal for a robust, expanded, and independent regulatory system is based on extensive discussions with law enforcement officials, gaming experts, anti-crime organizations and political reform advocates. Some of the provisions in our legislation are modeled on those used by other states.”

A review of statutes governing gaming regulation in other jurisdictions was conducted prior to the introduction of Madigan’s new proposal. This research suggests that if Illinois is to become a major gaming state it must adopt standards that meet or exceed those used in Nevada and New Jersey.

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A newly constituted Illinois Gaming Board would approve all contracts into which a casino licensee enters (food/beverage, construction, machine supply, etc.) and have broad oversight and licensing responsibilities. The new board would consist of five members appointed by the governor from a list of nominees with law enforcement, auditing, legal, and judicial experience who had been selected by an independent nomination panel. Board members would not be allowed to: hold, or be a candidate for, any elective or appointive office at any level of government in this state; hold any position with a political party; or have any other compensated employment

To prevent cronyism, favoritism and undue outside influence, board members and staff would be subject to broad five-year revolving door prohibitions and precluded from discussing future employment with those they are charged with regulating for two years prior to their service on the board and for five years after. Board members, staff, spouses and family members would be precluded from having any ownership interest or receiving compensation from companies that conduct gaming or racing operations – a ban that would extend for five years after leaving the board. Board members and staff would be required to file statements of economic interest and be subject to the Gift Ban Act followed by Illinois lawmakers and constitutional officers. Violations by board members, staff, or potential employers would be subject to legal prosecution for a Class 4 felony.

To ensure the public's right to know, outside communications related to any business before the board or potentially before the board and communications between board nominees and the governor, any senator, or their staffs are prohibited except in open meetings. The state's Open Meetings Act and Freedom of Information Act would apply to the board's operations.

Madigan's measure also creates the new position of Director of Gaming Enforcement (DGE), an independent state official with at least 10 years of investigatory law enforcement experience with the power to investigate suspected violations of the Gaming Act by any licensee, bring complaints before the Gaming Board, and file suit in state court to collect fees, penalties and taxes. The DGE, who would employ investigators to monitor gaming facilities' operations, would be able to subpoena any records or witnesses and have the ability to grant immunity from prosecution to witnesses, subject to Gaming Board approval, in order to compel testimony. The DGE would have complete control over gaming investigators, removing those duties from the Department of Revenue and State Police, the two agencies that currently share investigatory responsibility for gaming in Illinois.

An independent nomination panel would oversee the selection of candidates for Gaming Board and DGE positions. Housed within the DGE office, the panel would recommend nominees to the governor, who may only choose from among those recommendations. Its nine members would be appointed by the Illinois Supreme Court, with: two former federal or state judges from Illinois; two former federal prosecutors from Illinois; one former sworn federal officer with investigatory experience at a federal agency (such as the FBI, IRS, SEC, etc.); two individuals with at least 5 years' experience with nonprofit agencies in Illinois committed to public-interest advocacy – after the court's solicitation of (non-binding) recommendations from the Campaign for Political Reform, the Better Government Association, the Chicago Crime Commission, League of Women Voters and any other source the court deems appropriate; and two former federal agency employees with regulatory oversight experience. All nomination panel candidates must fill out written applications and submit to criminal background checks to be eligible for consideration. As with the Gaming Board members, nomination panel members may not hold, or be a candidate for, any elective or appointive office at any level of government in Illinois, nor hold any position with a political party.

A final layer of oversight would be added in the form of an Inspector General, appointed by the Director of Gaming Enforcement to oversee compliance with the state Ethics Act for both the Gaming Board and the DGE's office. The IG will report to and refer violations to the Executive Ethics Commission.

“We’re stacking the deck in favor of the people, rather than against them,” Madigan said. “If we are going to expand gaming in Illinois, we need to make sure it is the citizens of the state who get the house edge when it comes to the oversight and regulation of casinos. We need to remove political affiliations and considerations from the appointment of those we entrust to oversee the Illinois gaming industry. An independent Gaming Board would be able to regulate new and existing gambling activities without fear of interference from other state agencies. The eyes of the world are on Illinois. What we are able to accomplish in the next few years in terms of preventing corruption and investing in critical infrastructure depends on jettisoning the old way, replacing it with a modern system and restoring the people’s faith that the fix *isn't* in.”

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