

**STATE OF ILLINOIS
ILLINOIS GAMING BOARD**

IN RE THE DISCIPLINARY ACTION OF:

Veterans VGT, LLC

DC-V-22-12

Licensed Terminal Operator

AMENDED COMPLAINT FOR DISCIPLINARY ACTION

The Illinois Gaming Board, for its Amended Complaint against Veterans VGT, LLC states as follows:

NATURE OF ACTION

1. The Illinois Gaming Board (the “Board” or “IGB”) brings this action against licensed terminal operator Veterans VGT, LLC (“VVGT”) for failure to timely disclose sales agents and for misrepresenting information to the Board in violation of the Video Gaming Act (the “VGA”) and the Board’s Adopted Rules for Video Gaming (the “Rules”).

2. VVGT’s conduct violates provisions of the VGA and the Rules that prohibit Board licensees from engaging in any conduct that would discredit, or tend to discredit, or reflect adversely on the integrity of the Illinois gaming industry, including but not limited to the failure to comply with the Rules.

3. The Board brings this action pursuant to VGA Sections 78(a)(2), 78(a)(3) and 80; IGA Sections 5(b)(2), 5(c)(5), 5(c), and 5(c)(15); and Rules 220 and 310. 230 ILCS 40/78; 230 ILCS 40/80; 230 ILCS 10/5; 11 Ill. Adm. Code 1800.220; 1800.310.

4. Through this action, the Board seeks to revoke VVGT’s terminal operator license.

PARTIES AND RELEVANT ENTITIES

5. The Board is the Illinois regulatory agency charged with the responsibility of administering, regulating, and enforcing video gaming in Illinois. The Board's jurisdiction extends to every person, association, corporation, partnership, and trust involved in Illinois video gaming operations.

6. VVGT is a licensed terminal operator (License No. 170600488) and has been since August 24, 2017. As a licensed terminal operator, VVGT, its employees, and its agents are required to comply with the VGA and the Rules at all times.

7. Matthew Monson ("Monson") is the 100% owner of VVGT.

RELEVANT FACTUAL BACKGROUND

8. VVGT employs or contracts with individuals to act as sales agents or brokers. These sales agents or brokers, in part, solicit use agreements from current or potential licensed video gaming locations.

9. Rule 220(e)(2) requires that licensees disclose to the IGB within 21 days "[p]ersons who have acted or will act as a sales agent or broker, or otherwise engage in the solicitation of business from current or potential licensed video gaming locations[.]" 11 Ill. Adm. Code 1800.220(e)(2).

10. Licensed terminal operators disclose sales agents to the IGB by updating and submitting Exhibit 8D to the terminal operator application ("Exhibit 8D").

11. On February 25, 2019, the Administrator issued disciplinary complaint DC-V-19-004 to VVGT, alleging in part that VVGT failed to disclose a sales agent pursuant to Rule 220(e)(2). Pursuant to a settlement agreement between the IGB and VVGT, the Administrator subsequently withdrew that disciplinary complaint on September 4, 2019.

12. On March 15, 2019, VVGT disclosed Dennis Lopez (“Lopez”) as a sales agent to the IGB. VVGT submitted an Exhibit 8D for Lopez reflecting that Lopez started on February 1, 2019.

13. On February 12, 2019, VVGT entered into three “Exclusive Location and Video Gaming Terminal Agreements” that identified Lopez as the sales agent.

14. On March 15, 2019, VVGT disclosed Kara Cardelli (“Cardelli”) as a sales agent by submitting an Exhibit 8D. The Exhibit 8D indicates Cardelli started work as a VVGT sales agent on February 18, 2019.

15. On March 15, 2019, VVGT disclosed Andrew Phelan (“Phelan”) as a sales agent by submitting an Exhibit 8D. The Exhibit 8D states Phelan started work as a VVGT sales agent on March 1, 2019.

16. Contrary to VVGT’s representation in the March 15, 2019 Exhibit 8D, VVGT and Phelan entered into a “Location Broker Agreement” on February 18, 2019.

17. Moreover, VVGT provided documentation to the Board establishing that Phelan was engaged in the solicitation of use agreements for VVGT as early as February 12, 2019.

18. On April 1, 2019, VVGT disclosed Jared Nicholson (“Nicholson”) as a sales agent by submitting an Exhibit 8D. The Exhibit 8D states Nicholson started work as a VVGT sales agent on March 1, 2019.

19. Contrary to VVGT’s representation in the April 1, 2019 Exhibit 8D, Nicholson signed a “Location Broker Agreement” with VVGT on February 21, 2019.

20. On January 17, 2020, VVGT disclosed Marc McDermott (“McDermott”) as a sales agent to the IGB by submitting an Exhibit 8D. The Exhibit 8D states McDermott started work as a VVGT sales agent on November 11, 2019.

21. Contrary to the January 17, 2020 Exhibit 8D, McDermott admitted in a March 4, 2020 interview with an IGB Gaming Agent that he was involved in the solicitation of use agreements on behalf of VVGT as early as October 2019.

22. On January 17, 2020, VVGT disclosed Kenneth Urbieta (“Urbieta”) as a sales agent to the IGB by submitting an Exhibit 8D. The Exhibit 8D states Urbieta started work as a VVGT sales agent on November 15, 2019.

23. On January 23, 2020, VVGT disclosed Zorona Nance (“Nance”) as a sales agent to the IGB by submitting an Exhibit 8D. The Exhibit 8D states Nance started work as a VVGT sales agent on November 11, 2019.

24. Contrary to the January 23, 2020 Exhibit 8D, Nance admitted in a March 4, 2020 interview with an IGB Gaming Agent that she was involved in the solicitation of use agreements on behalf of VVGT as early as September 2019.

25. On February 12, 2020, VVGT disclosed Dylan Farmer (“Farmer”) as a sales agent to the IGB by submitting an Exhibit 8D. The Exhibit 8D states Farmer started work as a VVGT sales agent on September 30, 2019.

26. On May 8, 2020, VVGT disclosed David Grabinski (“Grabinski”) as a sales agent to the IGB by submitting an Exhibit 8D. The Exhibit 8D states Grabinski started as a VVGT sales agent on June 15, 2019.

27. On July 26, 2022, the Board filed DC-V-22-12 against VVGT for the conduct described above in paragraphs 7 through 26 and in Counts I and II below, seeking a \$100,000 fine against VVGT.

28. On August 15, 2022, VVGT timely filed an Answer in response to DC-V 22-12 and attached certain exhibits to its Answer. A true and accurate copy of VVGT's Answer is attached hereto as Exhibit 1.

29. Rule 720(b)(2) requires “[A] clear and concise statement admitting or denying each of the factual allegations set forth in the notice of proposed disciplinary action, with each admission or denial being shown in separately numbered paragraphs corresponding to the separately numbered paragraphs in the notice of proposed disciplinary action . . .” 11 Ill. Adm. Code 1800.720(b)(2).

30. Rule 720(b) also requires respondents, like VVGT, to execute and notarize a signed verification and attach it to any answer to attest under oath that: “[T]he undersigned certifies that the statements set forth in this request are true and correct, except as to matters therein stated to be on information and belief. As to such matters the undersigned certifies as aforesaid that he or she verily believes the same to be true.” 11 Ill. Adm. Code 1800.720(b)(4), (5), (6).

31. Monson signed and verified VVGT's Answer.

32. Monson's signature on the Answer was notarized on August 15, 2022.

33. In its answer, VVGT responded to Paragraph 11 of the initial Disciplinary Complaint by stating in pertinent part that, “VVGT denies that Lopez was disclosed on March 15, 2019 . . . VVGT contends that Lopez was disclosed to the IGB on January 31, 2019. See attached Exhibit ‘B’ email dated January 31, 2019, to Agostino Lorenzini and Robert Burke”

34. In response to Paragraph 15, VVGT's Answer states in pertinent part that, “VVGT denies that Cardelli was disclosed on March 15, 2019. VVGT contends that Cardelli was

disclosed to the IGB on January 31, 2019. See Exhibit B January 31, 2019, email to Lorenzini and Burke.”

35. Similarly, VVGT’s response to Paragraph 16 states in pertinent part that, “VVGT denies that Phelan was disclosed on March 15, 2019. VVGT contends that Phelan was disclosed to the IGB on January 31, 2019. See Exhibit B January 31, 2019, email to Lorenzini and Burke.”

36. Exhibit B to VVGT’s Answer (“Exhibit B”) purports to be a pdf copy of a January 31, 2019 email from VVGT’s gaming counsel to certain IGB staff, stating: “Good morning, please see attached regarding an update to Veterans VGT, LLC. We respectfully request that the attached be added to the file. We look forward to working with Licensing for the approval of Mrs. Oswald.”

37. Exhibit B contains the subject line “Please see attached” and purports to have been sent on January 31, 2019 at 7:32 A.M.

38. Exhibit B purports to include the following attachments VVGT alleges were sent as part of the January 31, 2019 email to IGB staff:

- A) <Veterans Gaming IGB Broker App Andrew Phelan (1).pdf>
- B) <VeteransGaming-AndrewPhelanCurrentPhoto>
- C) <Veterans Gaming - Andrew Phelan - Gov. ID.txt>
- D) <Veterans Gaming IGB Broker App - Dennislopez (1).pdf>
- E) <Veterans Gaming - Gov. ID - Dennis J. Lopez .jpg>
- F) <Veterans Gaming - Current Photo - Dennis J Lopez Jpg>
- G) <Veterans Gaming - IGB Broker App - KaraCardelli (1).pdf>
- H) < Veterans Gaming-CurrentPhoto-KaraCardelli >

39. Upon receipt of VVGT's Answer and review of Exhibit B, IGB staff examined its records to confirm the authenticity of Exhibit B and verify VVGT's alleged January 31, 2019 disclosures.

40. First, IGB staff reviewed VVGT's entry in the IGB Video Licensing System ("VLS").

41. The VLS entries constitute the licensing records for licensees like VVGT, and documents like Exhibit B are normally stored in VLS as part of the IGB's regularly conducted activities.

42. Exhibit B is not contained in VVGT's VLS entry.

43. Second, the purported IGB recipients of Exhibit B searched their email files and did not find Exhibit B.

44. IGB staff, however, did find another email (the "Oswald Email") sent by VVGT's gaming counsel to the IGB on January 31, 2019.

45. Like Exhibit B, the Oswald Email was sent by VVGT's gaming counsel at 7:32 A.M. on January 31, 2019.

46. Like Exhibit B, the Oswald Email contained the subject line "Please see attached".

47. Like Exhibit B, the Oswald Email stated, "Good morning, please see attached regarding an update to Veterans VGT, LLC. We respectfully request that the attached be added to the file. We look forward to working with Licensing for the approval of Mrs. Oswald."

48. Unlike Exhibit B, however, the Oswald Email contained none of the following attachments:

A) <Veterans Gaming IGB Broker App Andrew Phelan (1).pdf>

- B) <VeteransGaming-AndrewPhelanCurrentPhoto>
- C) <Veterans Gaming - Andrew Phelan - Gov. ID.txt>
- D) <Veterans Gaming IGB Broker App - Dennislopez (1).pdf>
- E) <Veterans Gaming - Gov. ID - Dennis J. Lopez .jpg>
- F) <Veterans Gaming - Current Photo - Dennis J Lopez Jpg>
- G) <Veterans Gaming - IGB Broker App - KaraCardelli (1).pdf>
- H) < Veterans Gaming-CurrentPhoto-KaraCardelli >

49. Instead, the Oswald Email only included the following three attachments, all of which are related to Oswald:

- A) 01312019 updated oswald.pdf
- B) Oswald – Agent Broker Disclosure (1).pdf
- C) Oswald – Location Broker Agreement (1).pdf.

50. A true and accurate copy of the Oswald Email is attached hereto as Exhibit 2.

51. Third, IGB staff initiated an electronic record search of the IGB’s email servers.

52. Specifically, the search sought any email from VVGT’s gaming counsel sent between January 25, 2019 and March 1, 2019 that contained any attachments.

53. Exhibit B was not located on the IGB’s email servers.

54. However, IGB staff did find an email containing all the attachments VVGT alleges were attached to Exhibit B on January 31, 2019 (the “Attachment Email”).

55. The Attachment Email was sent by VVGT’s gaming counsel and received by IGB staff on March 15, 2019.

56. Counsel for VVGT sent the Attachment Email to IGB staff as a reply in an email thread between VVGT's gaming counsel and IGB staff exchanged from January 31, 2019 through March 15, 2019.

57. The Oswald Email is the original email in the thread containing the Attachment Email.

58. A true and accurate copy of the email thread containing the Attachment Email is attached as Exhibit 3.

59. After discovering the Attachment Email is part of the same thread as the Oswald Email, IGB staff began to suspect that Exhibit B could potentially be an altered version of the Attachment Email with the heading, date, and time taken from the Oswald Email.

60. On October 21, 2022, as part of its investigation to verify the authenticity of Exhibit B, IGB staff asked VVGT's gaming counsel to produce a copy of Exhibit B in its native file format.

61. That same day, VVGT's gaming counsel replied that he could not find the original email in Exhibit B and stated he was instead providing the email "chain that was started with the email" referenced in VVGT's Answer. A true and accurate copy of the October 21, 2022 email exchange between IGB staff and VVGT's gaming counsel is attached hereto as part of Exhibit 4.

62. The purported email chain VVGT's gaming counsel forwarded to IGB staff on October 21, 2022 is an email chain that begins with an email VVGT's gaming counsel sent on January 31, 2019 at 7:32 A.M. with the same heading, subject, and text as the Oswald Email.

63. To date, VVGT and its counsel have not explained what happened to the native file version of Exhibit B or why VVGT cannot produce it to the IGB.

64. Given the facts recited above, one can only conclude that Exhibit B is not an accurate record of the email sent on VVGT's behalf to the IGB on January 31, 2019.

COUNT I
Failure to Timely Disclose Sales Agents
In Violation of 11 Adm. Code 1800.220(e)

65. The Board re-alleges and incorporates Paragraphs 1 through 26 above as if fully alleged herein.

66. All licensees have a general duty to comply with all state laws and regulations. 11 Ill. Adm. Code 1800.210(a).

67. All licensees have a duty to disclose to the IGB, within 21 days, “[p]ersons who *have acted* or *will act* as a sales agent or broker, or otherwise engage in the solicitation of business from current or potential licensed video gaming locations[.]” 11 Ill. Adm. Code 1800.220(e)(2) (emphasis added).

68. In addition to the general duty to comply, VVGT had actual notice of Rule 220(e)(2) no later than February 25, 2019, upon the issuance of disciplinary complaint DC-V-19-004 in connection with alleged prior failures to make timely sales agent disclosures.

69. VVGT disclosed Lopez as a sales agent on March 11, 2019, 39 days after the start date VVGT reported.

70. VVGT disclosed Cardelli as a sales agent on March 15, 2019, 25 days after the start date VVGT reported.

71. VVGT disclosed Phelan as a sales agent on March 15, 2019, 31 days after the signing date of a use agreement VVGT identified as having been procured by Phelan.

72. VVGT disclosed Nicholson as a sales agent on April 1, 2019, 38 days after he had signed a broker agreement with VVGT.

73. VVGT disclosed McDermott as a sales agent on January 17, 2020, 67 days after he had signed a broker agreement with VVGT.

74. VVGT disclosed Urbietta as a sales agent on January 17, 2020, 59 days after the start date VVGT reported.

75. VVGT disclosed Nance as a sales agent on January 23, 2020, 73 days after the start date VVGT reported.

76. VVGT disclosed Farmer as a sales agent on February 12, 2020, 135 days after the start date VVGT reported.

77. VVGT disclosed Grabinski as a sales agent on May 8, 2020, 327 days after the start date VVGT reported.

78. VVGT, as a Board licensee, is subject to discipline for any act by itself or by its agents or employees that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Illinois, or that would discredit or tend to discredit the Illinois video gaming industry or the State of Illinois, including but not limited to failing to comply with the Act, Rules, or any federal, State, or local law or regulation. 11 Ill. Adm. Code 1800.310(a)(1).

79. VVGT failed to disclose nine different sales agents within 21 days of VVGT knowing each individual had been or would be acting as a sales agent, in violation of Rule 220(e)(2).

80. By engaging in the conduct described above, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(1).

COUNT II
Misrepresenting Sales Agent Start Dates
In Violation of 11 Adm. Code 1800.310(a)(8)

81. The Board re-alleges and incorporates Paragraphs 1 through 26 above as if fully alleged herein.

82. When VVGT filed its March 15 2019 Exhibit 8D, it misrepresented the date Phelan acted or would act as a sales agent for VVGT.

83. When VVGT filed its April 1, 2019 Exhibit 8D, it misrepresented the date Nicholson acted or would act as a sales agent for VVGT.

84. When VVGT submitted its January 17, 2020 Exhibit 8D, it misrepresented the date McDermott acted or would act as a sales agent for VVGT.

85. When VVGT submitted its January 23, 2020 Exhibit 8D, it misrepresented the date Nance acted or would act as a sales agent for VVGT.

86. Any licensee is subject to discipline for “[m]isrepresenting any information to the Board.” 11 Ill. Adm. Code 1800.310(a)(8).

87. By submitting the Exhibit 8D forms as described above, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(8).

COUNT III
Misrepresenting Facts and Documents
In Violation of 11 Adm. Code 1800.310(a)(8)

88. The Board re-alleges and incorporates Paragraphs 1 through 64 above as if fully alleged herein.

89. In its August 15, 2022 Answer, VVGT misrepresented Exhibit B as an accurate copy of the email sent on VVGT’s behalf to IGB staff on January 31, 2019.

90. Contrary to the sworn statements in VVGT's Answer, Exhibit B is not a true and accurate copy of the January 31, 2019 email sent on VVGT's behalf to IGB staff as the actual January 31, 2019 email did not include disclosures materials for Phelan, Lopez, and Cardelli.

91. In its August 15, 2022 Answer, VVGT misrepresented that Phelan, Lopez, and Cardelli were disclosed as sales agents on January 31, 2019.

92. Any licensee is subject to discipline for "[m]isrepresenting any information to the Board." 11 Ill. Adm. Code 1800.310(a)(8).

93. By misrepresenting information to the Board in its Answer, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(8).

COUNT IV
Intentionally Making a False Statement
In Violation of 11 Adm. Code 1800.310(a)(9)

94. The Board re-alleges and incorporates Paragraphs 1 through 64 above as if fully alleged herein.

95. When VVGT filed its August 15, 2022 Answer, it intentionally made false statements about Phelan, Lopez, and Cardelli's disclosure dates in a document required by the Rules.

96. Any licensee is subject to discipline for "[i]ntentionally making, causing to be made, or aiding, assisting, or procuring another to make any false statement in any report, disclosure, application, permit, form, or any other document, including improperly notarized documents, required by the Act, this Part or Board requirements." 11 Ill. Adm. Code 1800.310(a)(9).

97. By submitting its Answer with false statements as described above, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(9).

COUNT V
Submitting Inaccurate Material to the Board
In Violation of 11 Adm. Code 1800.310(a)(10)

98. The Board re-alleges and incorporates Paragraphs 1 through 64 above as if fully alleged herein.

99. When VVGT filed its August 15, 2022 Answer, it submitted inaccurate documents to the Board.

100. Any licensee is subject to discipline for “[s]ubmitting tardy, inaccurate, or incomplete material or information to the Board.” 11 Ill. Adm. Code 1800.310(a)(10).

101. By submitting its Answer with inaccurate statements as described above, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(10).

COUNT VI
Failing to Conduct Itself Professionally When Communicating with the Board
In Violation of 11 Adm. Code 1800.210(b)

102. The Board re-alleges and incorporates Paragraphs 1 through 64 above as if fully alleged herein.

103. When VVGT filed its August 15, 2022 Answer, it submitted inaccurate documents to the Board, intentionally made false statements, and misrepresented documents to the Board.

104. Any licensee has an ongoing duty to “. . . conduct himself in a professional manner when communicating with the public and the Board.” 11 Ill. Adm. Code 1800.210(b).

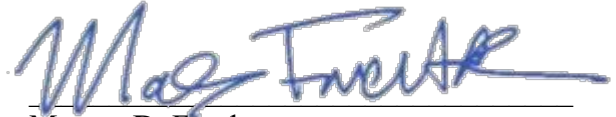
105. Any licensee is subject to discipline for “[f]ailing to comply with or make provision for compliance with the Act, this Part, any federal, State or local law or regulation, or a control system or protocol mandated by the Board.” 11 Ill. Adm. Code 1800.310(a)(1).

106. By submitting its Answer as described above and acting unprofessionally when communicating with the Board, VVGT is subject to discipline pursuant to 11 Ill. Adm. Code 1800.310(a)(1).

WHEREFORE, based on the foregoing, VVGT should have its terminal operator's license (License No. 170600488) REVOKED.

Dated: November 7, 2023

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Marcus D. Fruchter", written over a horizontal line.

Marcus D. Fruchter
Administrator
Illinois Gaming Board

NOTIFICATION OF PROPOSED AMENDED DISCIPLINARY ACTION

Pursuant to Rule 715 [11 Ill. Adm. Code 1800.715] the Administrator finds facts sufficient to authorize the issuance of a Disciplinary Complaint against Veterans VGT, LLC and to propose its license be REVOKED.

If you choose to file an Answer, it will not be accepted unless it complies with every requirement listed in Section 720 of the Rules [11 Ill. Adm. Code 1800.720]. If you file an Answer that complies with all requirements under Rule 720, a hearing officer will be appointed to conduct a hearing. The Answer should be mailed to:

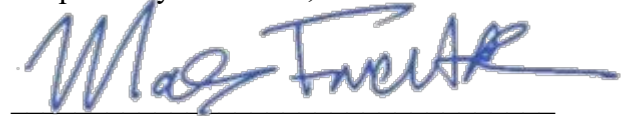
Illinois Gaming Board
Attn: Legal Department
160 N. LaSalle St., Suite 300
Chicago, Illinois 60601

OR

IGB.LEGAL@illinois.gov

Failure to file an Answer within 21 days of receiving this Complaint will result in the proposed disciplinary action becoming effective and final.

Respectfully submitted,



Marcus D. Fruchter
Administrator
Illinois Gaming Board

Dated: November 7, 2023

Exhibits withheld in
accordance with
Section 8(d) of the
Illinois Gambling Act
adopted through
Section 80 of the Video
Gaming Act