

News | updated: 10/16/2013 5:21 AM

Video gambling cafes geared to women attract criticism



Dotty's Cafe offers video gambling in what company officials say is a country kitchen atmosphere more inviting to women than sports bars.

Courtesy of Baum Realty Group



Bob Susnjara

Two cafe chains with video gambling and geared toward women are making inroads in the suburbs, but not without attracting some criticism.

Dotty's Cafe and Stella's Place are two players that have been gaining approval for liquor licenses necessary to offer video gambling in Illinois. Both operations tout a comfortable atmosphere and dining options unlike sports bars and restaurants where the video terminals typically are found.

"You don't get the drama that you have in a bar, with men trying to pick you up," Dotty's quotes an unidentified Nevada customer as saying in promotional materials provided to the Mundelein Liquor Control Commission for a hearing this week. "And you feel more at home here than in a big casino. I would never go anywhere else."

But it's the marketing toward women by Dotty's Cafe, Stella's Place and a smattering of others in the state that's causing concern at the Springfield-based Illinois Church Action on Alcohol and Addiction Problems.

"We're concerned about gambling addiction," said Jeanie Lowe, Illinois Church Action's governmental affairs director. "But these places designed for women are of great concern. They are. They are of great concern because women are more likely to gamble for escape. They are less likely to seek help."

Dotty's Chief Executive Officer Daniel Fischer said the criticism is unwarranted.

Fischer said Dotty's should open its first Illinois cafe on North Avenue in Melrose Park next week, with plans for 150 across Illinois. Dotty's, which is under the corporate umbrella of Illinois Cafe and Services Co., also has approval to operate in Wauconda, Streamwood, Waukegan, Oak Forest, Lemont and other towns.

But Fischer encountered resistance for the expansion plan at Monday's Mundelein Liquor Control Commission meeting. By a 4-3 margin in an informal village board poll, the elected officials who also serve on the liquor commission declined to create licenses for two proposed Dotty's locations.

Trustee Terri Voss, who was against the liquor licenses, said it was her impression the state approved video gambling as a way to boost revenue at existing bars and restaurants, not to bring in new businesses.

"I don't feel, as a representative demographic that you're looking for, that this is a place I would find particularly attractive," Voss added. "I certainly don't think that we need two of them in Mundelein. ... To me, this is just a gaming establishment that would serve mediocre food."

Fischer said he intends to offer Mundelein officials a tour of Dotty's facilities in an effort to

get them to reconsider the liquor license denial. He said a 35,000-square-foot commissary in Bensenville will prepare high-quality food for distribution to suburban Dotty's, comparing it to a system used by chains such as Starbucks and Dunkin' Donuts.

Launched in Oregon in 1992, Dotty's bills itself as an alternative to a sports bar-restaurant where video gambling typically is found. It has more than 150 locations in Nevada, Montana and Oregon.

Dotty's has a self-imposed four-drink maximum and a menu offering breakfast, lunch and dinner amid a decor featuring knickknacks, flower arrangements and wallpaper. Fischer said the friendly, country kitchen atmosphere was not created with the idea of luring women into becoming heavy gamblers.

"There's nothing sneaky about it," Fischer told the Daily Herald. "It's a quaint place. I mean, we want it to feel like your grandma's kitchen. You have the same level of service that you get from your grandmother. You're comfortable. They get to know your name. It's very personable. Everything's great about it."

Mundelein Trustee Ed Sullivan, who supported Dotty's liquor license request, said the business would fill an entertainment need in the village and bring traffic to the two shopping centers where the cafes were proposed.

"The target market is middle-aged women who want to come in -- not sit at a bar -- and socialize," Sullivan said.

Alcohol and video gambling revenue were expected to account for less than 40 percent revenue in Mundelein, according to a document Dotty's submitted to the village.

Operated by Laredo Hospitality Ventures, Stella's Place executives have been before elected officials in villages including Bartlett, Hoffman Estates, Wheeling, Fox Lake and Lake in the Hills. In notes prepared for a meeting over the summer, Lake in the Hills' staff noted Stella's would be a high-end business catering to a female clientele.

Similar to Dotty's, Stella's Place gave materials to local governments stating the clientele is expected about 60 percent women and 35 to 75 years old, appreciates personalized service, enjoys gambling as a form of entertainment and prefers a cafe to a bar. Stella's Place executives Gary Leff and Charity Johns could not be reached for comment.

Leff wrote to Lake in the Hills officials that Stella's will be a neighborhood cafe for adults to relax in and enjoy coffee, a light meal, beer or wine in a social environment. He said iPad mini-rentals and the video gambling will be among the entertainment options.


Video gambling companies betting on women

Cafelike settings targeting women avoid stigma of bars, but critics worry about increased accessibility of gambling

October 08, 2013 | By Matthew Walberg and Ray Long, Chicago Tribune reporters

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A wave of [video](#)  gambling establishments catering to women is starting to sweep across Illinois — cozy, well-lit spots with names like Stella's Place, Emma's Eatery, Dotty's and Betty's Bistro.


They're a far cry from the stereotypical male-dominated corner tap. In fact, at Lucy's Place, they'll cut a patron off after four drinks.

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Owned in part by a pair of Springfield lobbyists, Lucy's Place has 20 locations in southern and central Illinois. And in coming months three new chains could open more than 80 cafes, most of them in the Chicago area, according to public records.

They're backed by heavy hitters, including veteran operators of gambling cafes in Oregon and Nevada. Another influential player is social [gaming](#)  visionary Mark Pincus, one of the founders of Internet gaming giant Zynga.

Representatives from several of the companies said the venues provide a comfortable place for customers to gamble and are a positive addition to communities, bringing in revenue without the public safety headaches sometimes associated with bars.

But critics say the cafes prey on women and could exacerbate the plight of problem gamblers by making gambling even more [accessible](#).

"Because of the stigma ... many women don't go into bars," said Anita Bedell, [executive](#) director of Illinois Church Action on Alcohol & Addiction Problems, an anti-gambling group.

"But these are labeled as country kitchens or upscale Starbucks, and that's why they're getting approved," Bedell said. "They're coming into neighborhoods, by [shopping](#) malls and schools, and it's making gambling too accessible in communities."

In northwest suburban Bartlett, officials have issued liquor licenses to two cafes, and two more are seeking approval. The village already has four bars or restaurants that offer video gaming, but Jim Plonczynski, director of community development, said he was impressed with what the companies had to offer.

The companies "are very upfront about the target demographic: women who don't want to go to bars and want to go out for drinks or a sandwich and gamble," he said.

Keith Whyte, executive director of the National Council on Problem Gambling, said that while his organization does not advocate for or against legalized gambling, the seemingly innocuous cafe setting raises concerns.

"They tell themselves they're just popping down to get a scone or see a friend or get some time away from the kids, but what they're really doing is engaging in the same kinds of activities as they would at a casino," he said. "It's just a different setting, but we know that setting can make a difference."

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Further, they provide something experts say female problem gamblers seek — a safe, comfortable place to escape the stresses and worries of life.

The public needs to be aware that there may be some additional risk of problem gambling at these cafes, Whyte said. The evidence is not clear, but they may exacerbate gambling addiction among women, he said.

One of the architects of the state's video gambling rules said he did not anticipate these new gambling venues when he was crafting the legislation.

"I didn't take the position that these things were inappropriate. It was just something I didn't think about," said Rep. Lou Lang, D-Skokie. "I think maybe there is a place for these facilities."

Illinois Gaming Board officials have the power to intervene if the cafes

improperly exploit the law, Lang said, adding that local governments can use zoning, planning and inspection rules to ensure conformity to community standards.

The Pincus factor

As part of its pitch to Bartlett officials earlier this year, Des Plaines-based Laredo Hospitality Ventures LLC provided a glossy handout showcasing three cafe concepts.

One of them, Stella's Place, is billed as "a neighborhood cafe and gathering place for adults to enjoy a light meal and gaming." Another, Maxine's, was described as "a contemporary take on the Rat Pack era," while Shelby's projects the feel of a small-town diner.

Plonczynski said the village has approved a liquor license for Stella's Place, which the state requires for a [business](#) to offer video gambling. Laredo Hospitality Ventures is also seeking a liquor license for Maxine's, he said.

One of the principals behind the company is Pincus, the former head of Zynga, an Internet [game](#) developer headquartered in San Francisco. The company operates online gambling in the United Kingdom but recently abandoned efforts to start online gambling in the U.S., according to news reports.

Pincus hung up on a Tribune reporter and did not return subsequent phone calls. Neither did his partners Gary Leff and Charity Johns. Leff founded the Stir Crazy restaurant chain and serves as lead design and development adviser for Rivers Casino in Des Plaines; Johns has held high-ranking positions with Starbucks, Cosi and Jamba Juice, according to Laredo Hospitality Ventures' handout.

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Dining | posted: 12/10/2012 12:52 PM

Video gambling cafe operators set sights on Hoffman Estates, Bartlett



This is a rendering of the interior of Stella's, a new video gaming cafe offering light food, beer and wine that is coming to Hoffman Estates, and possibly Bartlett, in the spring.

Submitted by Gary Leff



Jessica Cilella

A new video gambling cafe selling only light food, beer and wine is coming to Hoffman Estates, and possibly Bartlett, next year.

Both villages have heard a proposal from Loreda Hospitality about building a new business called Stella's that will offer a "small plate" menu for breakfast, lunch and dinner to go with

video gambling.

"We're basically a cafe for adults to grab a bite, grab a drink and play slots or video poker," said Gary Leff, founder and chief operating officer of Loreda Hospitality.

Leff said he is hoping to put five gaming stations in each of the locations, which is the maximum allowed by the state.

"We like the communities. We think it's a great demographic," he said, adding that both of the proposed locations are in high-traffic shopping centers anchored by grocery stores.

Jim Plonczynski, community development director for Bartlett, said Leff is hoping to put a Stella's in a spot at 1015 W. Stearns Road left vacant by Mama Toni's Pizza more than a year ago.

"We're looking at it as a nice addition to the community," Plonczynski said. "It's going to provide not only the video gambling opportunities that people apparently want to see, but it's going to be a nice chic-style restaurant."

The Bartlett village board heard a proposal for the restaurant during a committee of the whole meeting last month. It will now be examined by the village's plan commission and addressed during a public hearing prior to being sent to the village board for approval. Leff hopes to open the Bartlett location by April.

The Hoffman Estates village board last week approved a liquor license for a Stella's that is slated to open by March in the Hoffman Village Shopping Center, which is anchored by a new Mariano's Fresh Market.

Mayor William McLeod said he hopes the business will quickly get Illinois Gaming Board approval to install video gaming machines so it can open soon.

"It's another business that will employ people," he said. "It's an interesting concept and we'll see where it goes."

Besides the Hoffman Estates and Bartlett locations, Leff said he also is in the process of getting Stella's opened in Fox Lake and Melrose Park.

May 23, 2013

Chain of 'homey' gambling cafes makes big suburban push

By Alison Burdo



A Dotty's cafe.

The expansion of video gambling in Illinois has created a big opportunity for a Nevada gambling parlor-and-restaurant chain — and for suburban shopping center landlords.

Dotty's, a country-style café with video gambling terminals, plans to open 150 Illinois locations area over the next three years, mainly in suburban malls in the Chicago area. The push here will nearly double the size of the company, which has about 175 restaurants in Nevada, Montana and Oregon.

"We expect Illinois to be a very big market," said Dan Fischer, who leads the Dotty's chain that was founded in 1992.

The expansion is good news for suburban retail landlords still trying to recover from **a brutal recession**.

At about 1,500 square feet a restaurant, Dotty's could potentially eat up about 225,000 square feet of retail space. Its local rollout would rank it among the most aggressive retail tenants here in many years. By comparison, the Jimmy John's sandwich chain, which has been expanding rapidly, has 194 restaurants in the Chicago area. Five Guys Burgers & Fries has 39 in the entire state, while Chipotle Mexican Grill has 62.

"This takes a big chunk out of the vacancies in the market and that does nothing but help the rest of the retail market," said Derrick McGavic, managing principal of Skokie-based Newport Capital Partners.

The cafes will primarily be in suburban strip malls where a grocery store or large drugstore is an anchor tenant, said Mike Demetriou, chief operating officer of Chicago-based Baum Realty Group LLC, which brokered the leases for Dotty's.

The restaurants, which will seat about 30 people, will serve beer and wine, but the establishments are not bars, Mr. Fischer said. The cafes offer a "homey" atmosphere for gambling to draw in the company's key demographic, women 35 or older, he said.

"They are decorated like Grandma's kitchen," he said. "It is not a place where people are going to come to get drunk."

Each establishment must have a liquor license to obtain a video gambling license. But every Dotty's will have a four-drink limit, Mr. Fischer said. The food menu consists of sandwiches and snacks, like burgers and mozzarella sticks. Each café will have five multi-game terminals, the maximum allowed by law, he said.

Many people see Dotty's as a convenient place to stop for quick entertainment, said Mr. Demetriou, who compared a typical stop at Dotty's to picking up coffee from a local convenience store.

NO GAMBLING LICENSES YET

The chain has already completed buildouts for 13 cafes, as far south as Matteson and as far north as Waukegan. The first should open by July, but it's unclear where, as the Illinois Gaming Board has not yet granted any Dotty's cafes a gambling license, he said.

Dotty's has signed leases for 24 other locations, including in nearby Oak Lawn and in the Rockford area and Freeport, which is west of Rockford, Mr. Demetriou said. The company is focusing on the Chicago collar counties, he said.

Chicago prohibits video gambling terminals, hindering any development in the city. If the ordinance were overturned, Mr. Fischer would consider expanding into some city neighborhoods but not downtown.

The state passed a law in 2009 permitting licensed establishments to have up to five video gambling terminals if they also hold a liquor license. The first terminals became available for use in fall 2012 after the Illinois Gaming Board spent three years evaluating applications and selecting a computer system to monitor all the state's terminals. Under the law, individual municipalities get choose whether to allow video gambling in their communities.

Other companies are trying to capitalize on the video gambling opportunity as well. Oakbrook Terrace-based Blackhawk Restaurant Group LLC has gaming licenses pending for 10 sites in Cook County and nine others in farther flung suburbs, according to state records.

Effingham-based Lucy's Place LLC, which is concentrated Downstate, already opened 11 coffee houses with video gambling terminals, according to the company's website. Lucy's is waiting on approval for 14 more gambling licenses, according to state records. Blackhawk and Lucy's representatives did not return messages.

Mr. Fischer isn't worried about competition, calling the other chains copycats and touting his 20-year track record.

"We have an established concept that we know works," he said.

(Editor's note: The story has been updated to reflect that it was Mr. Demetriou's firm, but not he, who brokered the leases for Dotty's, and that Mr. Fischer is not a Dotty's founder.)

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Kadner: Gambling cafes coming near you

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By Phil Kadner pkadner@southtownstar.com September 9, 2013 10:36PM

storyidforme: 54786910 tmspicid: 20110229 fileheaderid: 9267716

Updated: September 12, 2013 10:39AM

When Illinois decided to allow video gambling in bars, restaurants and veterans halls that serve liquor, lawmakers apparently opened the door for an entirely new type of business in this state — video gambling

cafes.

These are establishments whose primary purpose isn't to serve food or alcoholic beverages but to cater primarily to people who want to gamble.

"We approved video gambling in our village to help our businesses that were struggling to survive," said Oak Lawn Mayor Sandra Bury, who noted she was not mayor when the village board approved video

gambling. "These businesses needed the additional revenue generated by the video games to keep their doors open in a difficult economy.

"But there's something new going on, we can see it growing, and these are new businesses that want to come into town and their primary purpose is gambling," Bury said. "I'm concerned about that because the way the state law is written right now we have no control over how many of them there are."

The most prominent name in the video cafe industry is Dotty's Cafe, which began in Oregon in 1992 and spread to Nevada and Montana. There are about 150 operating in the three states.

Dan Fischer, the company's chief executive, has moved his family to Illinois and plans to open 150 Dotty's Cafes in the state, about 15 being already built.

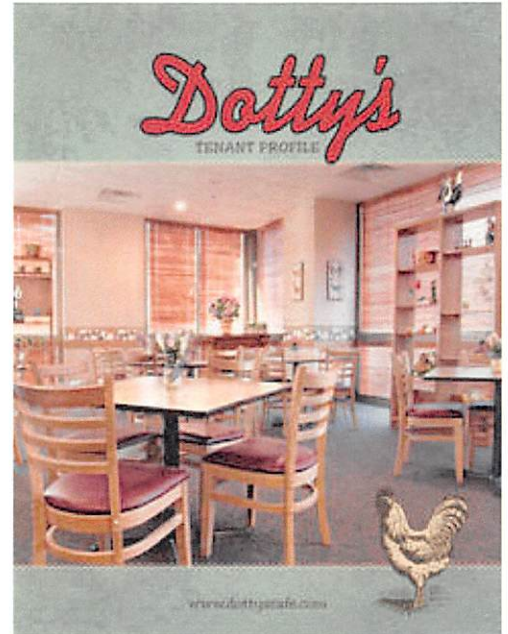
"Unlike traditional casino operations, which often encourage alcohol consumption, Dotty's Cafe's offers a relaxing environment where alcohol isn't the main draw," states a news release by the company. "In fact, consumption of coffee and soda outpaces alcohol by a factor of twenty-to-one."

The decor is described as "country kitchen," with knickknacks on shelves, a fireplace and rustic flower arrangements. Female patrons over 35 are most comfortable at Dotty's, according to a brochure, although all customers over 21 are welcomed.

Beverages include wine and bottled beer, but no hard liquor. Dotty's Cafe offers a large variety of tea selections, as well as coffee, bottled water and juices.

Food choices include a variety of breakfast sandwiches, pancakes, biscuits and gravy and bagels. For lunch there are hot dogs, corn dogs, Italian beef sandwiches, personal pizzas, chicken tenders and a barbecue rib sandwich, among others.

The problem is two-fold the way Bury sees it — the new gambling businesses are likely to eat away at the video profits of existing local bars and restaurants and they will create a new category of businesses that specialize in



“casino-style” gambling.

“Every establishment that gets a liquor license can apply for a video gambling license, which is controlled by the Illinois Gaming Board,” Bury said. “We (village) have the authority to issue liquor licenses, and we are certainly trying to control the number, but those laws also have their restrictions.

“You have to be fair to every business. And we wouldn’t want to deny a liquor license to a nice restaurant that would add value to our village. What we need is something that will allow us to restrict or control the number of businesses that offer video gambling.”

State Sen. William Cunningham (D-Chicago), whose district includes Oak Lawn, said he’s willing to consider writing legislation that would give municipalities such power.

“This concept of gambling cafes is something new to me, so I’m just beginning to look into it,” Cunningham said. “But it does seem reasonable to give municipalities some local control over how many establishments can offer video gambling.

“You wouldn’t want to give local communities control over who can and who cannot qualify for a video gambling license. That is properly in the hands of the Illinois Gaming Board, and that’s where it should stay. Giving municipalities control over that process could create a different series of problems.

“But letting a municipality set a limit on the number of businesses that can have video gambling licenses seems reasonable to me. I think it’s something at least worth exploring, and I would be interested in

introducing such legislation.”

Dotty’s Cafe has been so successful in Nevada that Station Casinos, which cater primarily to local gamblers, has tried to get regulations passed restricting Dotty’s operations.

In Nevada, Dotty’s are often located in strip malls, and the company’s brochure boasts about the cafes’ ability to drive consumer traffic.

In addition to Oak Lawn, Dotty’s Cafe is apparently looking at locations in Crestwood, Matteson, Oak Forest, Worth and Lemont.

Even before Dotty’s came around looking for sites, Denise Roll, the owner of a flower shop in Oak Lawn, recognized the power of marketing gambling at women.

She opened the Avenue Flower Shop and Wine Bar, 10632 Cicero Ave., and after getting a gambling license her previously struggling flower shop became a hotbed of customer activity.

In fact, of the 17 businesses approved for video gambling in Oak Lawn, statistics from June and July show that Roll’s five video gambling machines pulled in more money than all but one, Les Brothers Restaurant.

“I’m concerned about the societal impacts of gambling,” Bury said. “There’s a cost for all of this, both to the community and to families. I think we have to be very careful about how this spreads.

“It just seems there’s something wrong to me about stopping by a gambling parlor before you go to work for some breakfast.”

Cunningham said he has no objection to the expansion of gambling but does believe towns ought to be able to control its spread.

“They need the power at some point to say we have enough gambling venues in our town,” Cunningham said.

“That’s what I am interested in.

“As a business model, Dotty’s seems like a good idea. I can understand why women might want to stop in a place like that rather than go to a sports bar. It’s certainly an interesting concept, and I would be interested in hearing more about it.”

It seems to me that once a state decides gambling is legal, the marketplace should determine who offers the best product to the consumer. I always objected to the state limiting the number of casino licenses to 10, basically giving a few connected people a license to make millions of dollars.

Marketing a gambling venue to women makes a lot of sense to me. It’s safe, well lit and wives and mothers don’t have to worry about getting hit on by drunken slobs as they pour their kids’ college funds into the slots.

It sounds like a great addition to our suburban culture.

Personally, I’d like to see some card rooms sprout up where a gentleman and his associates can sit down and play a few hands of Texas Hold ‘Em while discussing business and political affairs.

But I guess poker involves too much skill and doesn’t produce a big enough profit for the businesses that prey on the chumps. So poker isn’t legal in the suburbs — unless it’s a “charity” event.

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