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## Critical Questions Remain For New York Casino Board

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[Sara Friedman, GamblingCompliance](#) [1]

New York's Gaming Facility Location Board asked a range of questions of the state's casino bidders at two hearings last week, but regulators offered little indication of where they will land on several critical issues.

Questions put before the bidders focused on financing, potential cannibalization of the current New York market and the possible impact of any future casinos in Northern New Jersey, but one issue looms over any other.

### **The Orange County Question**

Whether the Board decides to award a casino license or two in Orange County, located nearest New York City, "will be the biggest challenge over the next month," Board chairman Kevin Law told an Albany newspaper after the presentations.

"On the one hand, we want to help communities that are in distress or have been historically not receiving the types of investments we would have liked for them to have received," said Law.

"And then you have the economic realities of proximity to the masses of New York City's population."

### **Cannibalization Concerns**

Like the other four Board members, Law has a business background and he currently serves as the president and chief executive of the Long Island Association.

Amid [intense scrutiny](#) [2] on the Orange County issue, Law was the first to also ask the bidders about cannibalization concerns last Tuesday.

"All of the applicants were saying that they were not interested in cannibalizing each other," Karl Sleight, head of the racing and gaming practice at Harris Beach law firm in Albany, told GamblingCompliance.

However, the Northeast gaming market is already set to feel the strain of expansion in Massachusetts and other states, while several casinos in Atlantic City in New Jersey have already closed this year.

Mohegan Sun's properties in Connecticut and Pennsylvania and the Resorts Casino Hotel it manages in Atlantic City would face some cannibalization from New York, said Mitchell Etes, chief executive of the Mohegan Tribal Gaming Authority.

"We market our database to go to Resorts but we realize that in order for our company to grow as a whole there may be some deterioration and we expect some cannibalization at Pocono Downs," in Pennsylvania, Etes told the siting board last week in his presentation.

Etes started the day's proceedings on Tuesday urging the siting board members to consider the original intent of the 2013 Upstate New York Gaming and Economic Development Act to help counties that are economically disadvantaged.

For years, developers have hoped to build a casino in New York's Catskills region in order to help revive the faded tourist area.

But such a project would be impossible if a rival gambling palace is permitted closer to the Big

Apple, according to Etes.

“If someone said they would build [a casino] in Orange County, it would be like Revel in less than a year,” said Etes of a Catskills casino while referring to the [recently shuttered](#) [3] \$2.4bn Atlantic City casino.

The Catskills’ Sullivan and Ulster counties are less well-off than Orange County and casino bidders there emphasized how they would help their specific communities.

Still, casino bidders in Orange County are also touting how their projects could help a number of different communities.

For instance, the Grand Hudson Resort and Casino in Newburgh has dedicated a regional economic fund for the “mid-Hudson Valley region” and would also build a separate sports complex for the region, said Robert McLaughlin, the head of the gaming practice at law firm Hodgson Russ in Albany and currently legal counsel for the Grand Hudson.

“We want to help the surrounding seven counties, including Sullivan County, through a regional approach,” McLaughlin told GamblingCompliance.

If an Orange County project would trump all others, applicants for casinos in Sullivan and Ulster counties agreed that two casinos could work alongside each other in the Catskills region.

“We would just be one anchor and we expect community traffic to unite the whole area,” said Nevele Resort CEO Angeliqe Brunner in her presentation.

The tourism-focused Catskills region could also attract more high rollers, according to Joe Kelly, a professor of business law at SUNY College in Buffalo.

“You don’t have controversy in the Catskills or the environmental concerns,” Kelly told GamblingCompliance.

### **The North Jersey Threat**

The siting board members also appeared to be keenly aware of the distance between an Orange County casino and potential casinos in northern New Jersey.

New Jersey casinos are currently restricted to Atlantic City by the state’s constitution. But lawmakers in Trenton are weighing the possibility of lifting that restriction, partly in order to capture gambling dollars from New York.

“Everyone wants to attract the northern New Jersey market,” said McLaughlin.

At last week’s hearings, siting board members even acknowledged New Jersey Governor Chris Christie’s [directive to decriminalize sports betting](#) [4] in his state.

“Any development in New Jersey is going to affect the New York casinos,” Sleight told GamblingCompliance.

The siting board members also asked the applicants how they would be impacted by casinos in New York City in seven years, a possibility allowed for under the state’s 2013 gaming law.

But Sleight said the more immediate concern is the northern New Jersey casinos because they could be in operation much quicker.

“Any development in New Jersey is going to affect the New York casinos,” Sleight told GamblingCompliance.

### **Quickfire Process**

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The siting board will make its next public appearances from September 23-25 at three public comment hearings scheduled in each of the New York regions eligible to host casinos.

New York Governor Andrew Cuomo [pledged earlier this year to award casino licenses before 2014 is out](#) [5] and Law last week said the siting board expects to make some decisions in October.

However, Kelly said it would make sense for the Hudson Valley-Catskills region decision to be announced in November after election season is over.

Sleight agreed there is no rush for the siting board members to make their decision in the next month.

“They will make their decision when they have done all of their analysis, and to date they have done an excellent job of martialing that,” said Sleight.



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