BEFORE THE NEW YORK STATE SENATE
STANDING COMMITTEE ON RACING, GAMING & WAGERING

PUBLIC HEARING

TO DEVELOP POTENTIAL LEGISLATION
TO ENHANCE THE RACING INDUSTRY IN NEW YORK STATE

Nassau County Building
Legislative Chamber
1550 Franklin Avenue
Mineola, New York 11501

October 5, 2011
12:00 p.m. to 2:30 p.m.

PRESIDING:

Senator John J. Bonacic
Chair

SENATE MEMBERS PRESENT:

Senator John D. Flanagan

Senator Martin J. Golden

Senator Shirley L. Huntley

Senator Jack M. Martins

Senator Andrea Stewart-Cousins

ASSEMBLY MEMBERS PRESENT:

Assemblyman Edward P. Ra

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SENATOR BONACIC: First of all, good afternoon. Let me welcome everyone.

My name is Senator Bonacic, and I chair the Racing & Wagering Committee.

And I see Senator Flanagan in the audience, and I invite him to come up and join us.

Let me just point out my colleagues that have come to this hearing today.

To my left, is Senator Shirley Huntley.

We're joined by
Senator Andrea Stewart-Cousins,
Senator Jack Martins.

Senator Flanagan is coming up.

And, I've saved the best to last,
Senator Marty Golden.

Well, this is a continuation of hearings that we've had throughout the state.

In September, we had a hearing in
Ontario County, also in Albany.

County. And this will be our final hearing, in Nassau County.

And the purpose of the hearings is to solicit testimony on, number one, the feasibility of moving forward with a constitutional amendment for casino gaming in the state of New York.

And the second area that we want to solicit testimony is, how we can bring more efficiencies, and, enhance the racing industry.

So, without further ado, I will ask my colleagues if they have any opening remarks.

Marty work you like to make any?

SENATOR GOLDEN: No, thank you, Mr. Chairman.

SENATOR BONACIC: Okay.

Anybody?

(Other senators respond in the negative.)

SENATOR BONACIC: Let's start with our first witness, Mr. Christian Goode, from Resorts World New York.

Christian, good morning.

CHRISTIAN GOODE: Good morning, Senator.

SENATOR BONACIC: Good afternoon now.

CHRISTIAN GOODE: Afternoon, correct.

Good afternoon, Senators.

First, I would like to thank you for the opportunity to come and discuss the topics that Senator Bonacic has outlined.

As you guys now, we are set to open later this month Resorts World New York City at

Aqueduct Race Track.

It's been a project that I think will open one day short of the 10-year anniversary of the New York State legislature signing into law the VLT facilities, as well as the development in the Catskills.

So, we're very excited about it.

Just, briefly, as a background: Our project is a well over $800 million investment in Queens, New York.

Currently, we have about 1,200 construction workers on site.

We've hired 650 permanent workers, which that number will grow to 1,350 in the very near future.

So, we're very excited about what we have going on there.

The purpose of my presentation, or my testimony, today is to talk about the constitutional amendment, and the impact on racing.

First, as the Committee has heard in Albany, and in Canandaigua, almost everybody has an opinion: Good, bad, different, concur, not concur.

We applaud the process of getting out in the public eye, having these type of hearings so everybody's position can be heard.

And, I would just like to thank the Chairman for giving us this opportunity.

First, and foremost, I would like to say that Resorts World New York City fully supports progressing the constitutional amendment to enable table games.

We think that it's very important that we have some facts that get on the record.

One is, gaming's a reality.

If we look around: New Jersey's had gaming since 1979;

Connecticut's had casino gaming since 1992;

Pennsylvania enacted in 2004, with a racino model which is similar to what New York has, and last summer authorized table games.

So, if you look at all the jurisdictions around us, it's a reality.

The only -- New York has taken a proactive step in having these hearings, and talking about the issue.

We just want to be on record that we fully support it, for a couple reasons.

We, as an entity, have done lots of research in terms of, what the market looks like, what New Yorkers' habits are, what we can bring to the

table.

The one thing that's become clear to us is that, currently, New York exports dollars to other states for gaming. We estimate that number to be between three and five billion dollars that goes out of the state, in terms of gaming, that's recognized as revenue to other -- in other jurisdictions, as well as the non-gaming, whether it be hotels, conventions, so on and so forth.

We think that it's important that New York consider how to keep some of that money here.

New York has one of the largest populations that has a propensity game. We are the second-largest state that feeds the Las~Vegas market, behind California, which is the largest, simply because of its location and close proximity.

What we think is important is to focus on three non-controversial issues; the first being: What does New York need the most? New York needs jobs.

New York needs, second: revenue.

We need to expand the tax base. We need to bring more dollars into the state of New York.

And, lastly, we think it's important to note that New York needs private investment.

I think that you've seen in the last couple of years, there's been lots of discussion on how to kick-start the economy.

One's with public funds and infrastructure projects at the federal level.

And with the economic woes that this nation, and New York is no different, have faced over the past four-plus years, we think that it's important that we find a way to stimulate and encourage private investment.

We think the constitutional amendment will do that.

When you give the nine race track casinos -- or, eight race track casinos, I'm sorry, in the state the ability to offer something new to the patrons that -- and residents of New York, and more particularly, to people that are coming from outside of New York, that come to New York anyway, we think that that's the step in the right direction.

We think that we can build on industry and a market here that's second to none.

As my colleague, NYGA chairman, Jim Featherstonhaugh, noted a few weeks back, we -- enhanced gaming is not the answer. It's not the save-all, it's not the end-all, but it's definitely

part of the solution to some of the problems.

It's not a panacea for the racing industry. Enhanced gaming would help the racing industry.

Ten cents on every dollar that Aqueduct makes is going to go directly to support racing, in terms of breeding and purses.

In 2012 alone, we expect to contribute $55 million to purses.

I have folks in the audience I brought in from OTB. I think that they'll applaud that.

As you get better purses, you get better competition, and that will help to stimulate their business.

So, we think New York's got the right model. We are not here to talk about changing a model or doing something different.

We think New York has been very proactive and aggressive in supporting the racing the industry, and we look forward to being a partner in that process, going forward.

The one thing that -- getting back to the issue of the constitutional amendment, ourselves, along with all of the other members of NYGA, we have gone through and looked at the models, looked at what table games can do, in terms of how many units.

Every track is different in terms of what they can do. But, collectively, if the constitutional amendment passes, and table games are authorized and legal in 2014, we have over a billion dollars in shovel-ready projects. Projects that put people to work immediately, construction workers, and will create tens -- maybe tens of thousands of new jobs at these facilities, depending on what each operator elects to do, in terms of, capital investment, and creating a business model that works for their area.

Not -- every track is different, in terms of what they can offer, and what the population and what tourism can support.

At Resorts World New York City, we have taken a different approach. We've looked to go outside the box.

Our business model is not based on just capturing people from Queens and coming in, or Long Island, or Nassau County, or -- or that immediate market. We take a much more global perspective.

We look at New York as being probably the most-frequented international destination in the world, from a business standpoint, of what comes

through here in banking, and financial markets, and, just the rich history. New York City alone garners 50 million visitors annually.

What we want to do is, bring -- increase that number, and provide another amenity for when people come to New York City.

And, we think that we're well positioned to do that. We think we've been good partners, and we think we'll continue to be good partners.

As I'm sure the Committee's aware, a significant -- 70 percent of every dollar of win that comes into our VLT facility goes to benefit education, primarily at 44 percent, racing, and the lottery, and other administrative-type costs.

We believe that that model has been efficient to date. I think the State's recognized -- after we open, will recognize over a billion dollars in support for education, primarily. And, we think that we can expand that.

The one thing that we've spent a lot of time on, is looking at what a convention center could do to complement what's already in New York.

We already have the Javits Center. It's 842,000 square feet. But, if you compare that to what happens in the rest of the country, it ranks

Number 12 in terms of facility size; with the largest being in Chicago, at McCormick; then you have Orlando, then you have Las~Vegas, and you have various other markets.

What we think table games can do is, help that model work.

Convention centers, I think have been looked at in the city of New York, in expanding Javits, looked at the state level here. And, economically, it's always been a challenge of how you (a) build it; how you support it; and from an operating perspective.

We have spent a lot of time, we've -- in the process of developing conceptual ideas of how that would work, at Aqueduct. But we think that's just one indication of a shovel-ready project that would put thousands of construction workers to work immediately. It would bring real permanent career jobs to the Queens County and to New York City.

So, with that, I will not bore you with the rest of my testimony; but, rather, take questions from the Committee.

SENATOR BONACIC: Mr. Goode, thank you for your remarks.

I'm going to ask you a question that I asked you in Albany, because I think that it's worth repeating, so my colleagues can hear this.

When the racino opens at Aqueduct, you indicated there'd be 1,300 permanent jobs.

How many applications did you have for those 1,300 jobs?

CHRISTIAN GOODE: We, as of today, have 37,000 applications for 1,350 jobs.

We opened an on-site job center.

One of the things that we became acutely aware of, from the beginning of opening, that we've done -- and, separately, we've done job fairs in Manhattan, we've done them in other areas of Queens, working with the employment centers of Jamaica, the airport opportunity centers -- collectively, have 37,000 applications.

These are people showing up every day. There's at least 500 to 1,000 people, show up every day, that want a job.

95 percent of those are from the local immediate area. You'll probably see some statistics coming out soon.

Currently, our employment base is 70-plus percent from the very immediate South Ozone Park area.

We're bringing real jobs, and there's a thirst. There's demand for more jobs.

And I think nothing's more evident than what we've seen.

We were pleasantly surprised of the pool that we have been able to draw from, and hire from. So...

SENATOR BONACIC: Are you familiar with the tax policies of other casinos, and what they pay to their states --

CHRISTIAN GOODE: Sure.

SENATOR BONACIC: -- compared to the Native American tax contributions to New York State? And, could you elaborate?

CHRISTIAN GOODE: Sure.

I mean, I will give you a couple of the big examples, without getting into too much detail.

Nevada, and Atlantic City, pay below 10 percent. Around 7 to 8.

There's some sliding scale that goes there, but, about 7 to 8 percent of gross gaming revenues paid to the State in terms of taxes.

You have New York, where it varies by track, but, Aqueduct will be about 70.

You have Mississippi, which is sub-10.

You have Pennsylvania, which is about 56. 54, if you blend it with table games, which were originally enabled.

Indian tribes are quite unique.

In the state of New York, the Seneca Nation has a compact, where they, I think, pay -- it was a stepped process, but I think they're at the top end, which is supposed to be 25 percent.

I think that the Committee recognizes that that money has not been turned over to the State in the last year and a half, two years; but, rather, held in escrow, in dispute.

The thing that I think is very interesting about what Native Americans have been contributing to the State, I think they've had a very positive impact in Western New York, in terms of jobs. I mean, I don't think anybody can take away from that.

But, as the market develops, they've taken a position that they're not -- their exclusivity, quote/unquote, has been breached.

Now, I'm not here to argue or debate the merits of that claim.

What I'm saying is, the truth of what's come to the State coffers to support the economics of the state, I think, in this last year, year and a half, are zero.

What you can see, going forward, is, the Department of Interior has recently issued some memorandum, partic- -- and that -- that was, uhm -- ultimately, been litigated, and went to the Supreme Court, where Indian tribes, in June of 2011, there was a case in Southern California. It was "Schwarzenegger versus Rincon" [sic].

The Supreme Court has ruled that tribes are required to pay for services that they use, a reasonable amount.

So, if it's fire, kind of global, water, sewage; any of those type of things. And, also for regulatory.

But, on top of that, there is no real requirement or obligation to pay unless they have true exclusivity, or what you perceive to be exclusivity.

And, as everybody's aware of, Native American tribes are sovereign nations, and they can always take the ability -- you know, take the position, as tribes in New York State have done, is that: If we

don't true exclusivity, we're not going to pay.

And we think that that's probably supported by the U.S. Court decision.

There's other metrics that go to that, but I think, primarily, what you're going to see is, as time goes on, tribes, in order to support their own governments and find new revenue sources, are going to increasingly not want to pay. And I think they're going to be supported by the federal government and the court system in that.

SENATOR BONACIC: Okay.

And my last question: Based on your experience, where gaming is located at race tracks, is there any correlation between, having gaming, and seeing increased attending at -- attendance at racing? Or, vice versa; do people come in for racing, and then you find they gamble more?

CHRISTIAN GOODE: I think that our -- that facility in Aqueduct's going to be something different than what you've seen across the state, or in other states.

I think that you will actually see an increase in racing, on-track handle, because you're going to have more of a quantum of people coming to the track. And I think it's another outlet for

people that want to wager, to get interested in.

If you looked back at our -- if you stop over, and invite everybody to come for a tour of our facility, we've actually gone to great lengths, and from a capital standpoint, to provide our patrons that come into the casino with an opportunity to view the racing.

We've built terraces. We've put up glass walls on the track side so people can see it.

We think that you're actually going to see a material increase, in terms of what on-track handle's going to be, because I think we're going to introduce it to people that have never seen it before.

I won't speak for other jurisdictions.

I've actually worked at jurisdictions where they have racing, and VLTs came on, not in this state, but in other states. It's a little bit different. There is some correlation.

I think Aqueduct is going to be very unique, because I think that you're going to get introduced, a large, new audience, or market, to a new product.

So, I think you'll see an increase.

SENATOR BONACIC: Okay.

I have no further questions.

Senator Golden would like to ask you some questions.

SENATOR GOLDEN: Thank you, Mr. Chairman.

I'm glad that he's somebody -- Mr. Goode is creating jobs in the state of New York.

And, I congratulate you, especially when I see the City getting ready for another -- City of New York getting ready for another series of layoffs, and, you have 37,000 applications for that number of positions that you presently have.

The question: The OTB, we had a serious number of layoffs.

Have -- there any preference in any of those applications that they're looking for positions at the -- in your new organization?

CHRISTIAN GOODE: You know, there is no policy. We didn't give preference up-front.

And, in fact, nobody asked us to, and I don't know that it would be legal or illegal.

What I would say is, we hire people that have the best ability to add value to our organization.

And, with 37,000 applications, we didn't specifically ask if anybody was laid off from OTB; vice versa.

I presume that we've hired people that used

to work at OTB, based on their background. They have customer service experience, they have some kind of gaming experience.

I don't have those statistics, though, Senator.

SENATOR GOLDEN: Well, Mr. Goode, I would ask you, if you could, if you could check out, legally, what can be done in that area.

CHRISTIAN GOODE: Sure.

SENATOR GOLDEN: You already have a force that's already trained, and works with the public; knows how to deal with the public, and those issues.

I think it would be a wise investment on your part, to take a look and see if you can get that talent, and put that talent to work.

CHRISTIAN GOODE: Sure.

I will --

SENATOR GOLDEN: So, if you could, I would appreciate that.

CHRISTIAN GOODE: I will look into it personally, and report back to you, if I have any statistics, or I can garner any, and, you know, look at the viability of doing such.

SENATOR GOLDEN: Where do you -- on sports betting, how do you fall on the sports betting? How

does that help, or not help, your operation, going forward, if that were to become a possibility here in the state of New York?

CHRISTIAN GOODE: We haven't really looked at it.

Obviously, if you look at casinos in Las~Vegas, they do a significant amount of handle, in terms of sports betting.

What I'll tell you about sports betting, just globally, it's kind of a zero-sum game.

The idea is to get the same betters on both sides, and the casino take, what they call, "a commissioner," or "a vigorish," right, 10 percent, whatever it happens to be, depending on the type of wager.

Uhm, I guess the best way to say it is, is that we would be foolish if we didn't recognize that there's a multi-billion-dollar market that exists, whether it be off-shore; whether it be in the back streets, in terms of the, you know, old model, where you have local people that do it.

We would be more than, willing, and interested, in looking at that option. We haven't done so to date.

But, I would say that I think there's a

billion-dollar market out there, and if we could find a way to make that fit with our property, we would obviously welcome it.

SENATOR GOLDEN: I can't, Mr. Goode, find a reason why we should not put gambling on as a constitutional amendment here in the state of New York.

I can't -- haven't -- nobody has given me a good reason why we should not do it.

I'm sure I'll hear some, now that I've opened my good mouth here.

But, the -- I believe that that's a way. We definitely have to advance that.

And I want to ask you a question on the federal mandate, with the four states.

How does -- is that -- how does that muster any constitutionality at the federal level, where they have gambling -- sports gambling in just four states?

CHRISTIAN GOODE: Typically, uhm -- up until the most recent, the poker issue, where Full Tilt was shut down, typically, gaming is a state-level initiative; right?

Why poker is -- been taken up at the federal level, is because of some interstate commerce-type

issues; right? It's not directly gaming policy.

Whereas, if you look at legalized sports betting, if that's the question, that's more of a state issue; whether it be, Delaware, New Jersey, have recently looked to taking it up.

Nevada, obviously, has legalized it.

I think that, from a federal, if you maintain it, and it's on site, I think it's a state issue. I don't think there's a federal overlay.

The issue becomes, if you're taking Internet wagering, because you violate some interstate commerce and bank regulatory acts.

SENATOR GOLDEN: The constitutionality level that's going before the Jersey voters this November, is that a two-year mandate like here in the state of New York?

CHRISTIAN GOODE: I don't believe that it's a two-year mandate.

I don't know that, though.

SENATOR GOLDEN: So, if it were voted on this November, it would become law, or you're not sure?

CHRISTIAN GOODE: I'm not positive, but I believe that to be the case.

SENATOR GOLDEN: That's another reason I don't see why we should not be doing that here in

the state of New York.

I'm going to move my questioning over, one more question, so I can turn it over to my colleagues, for two more questions.

The actual convention center --

CHRISTIAN GOODE: Uh-huh?

SENATOR HUNTLEY: -- have we, mapped, strategized, Governor-approved, Mayor-approved, moving forward on this, on -- and its inroads? And, what it can do to the Jacob Javits Center, as a complement, or as a hinderance?

CHRISTIAN GOODE: What we've done, we're still in the infancy; we're still in the planning stages.

We've commissioned an independent economic review from a firm that's world-renowned at doing convention analysis.

We've commissioned some renderings and preliminary designs of a facility, and how it would fit on our leasehold at Aqueduct.

We've started the process of reaching out to various stakeholders at the city and state level.

We've had preliminary meetings, kind of just generally talking about the concept, to see, you know, what the reaction is.

Obviously, we don't want to go down a path that's not supported or beneficial for all stakeholders.

Relative to the Javits Center, I think there's a couple of things that people would agree with.

One is, the Javits Center plays a role, going forward.

We are not looking to attract any event that goes to the Javits Center. We think that it's great for the city to have it. We think it serves well for the -- I think it's fairly well occupied with, you know, your garden shows, boat shows, kind of city, or, what I would say, limited regionality of events. We think it's well -- it serves that purpose.

As far as large national, and particularly international conventions, I think that you -- people that have been familiar with it will -- would tell you that there's a couple of challenges that it has.

One, is it has poor access, in terms of, how getting materials in for events is problem for meeting or event planners.

Hotel rooms are a challenge.

And, the traffic congestion that you see in that area is also a challenge.

So, from a meeting, kind of, planner standpoint, I think it works, as I said, good for local or small regional events. But, national, international, we think that we would complement it.

As a matter of fact, we would want to work, and create a partnership, with the Javits Center, to make sure that we're bringing in the most dollars to New York from outside.

We've actually went as far as determining flight times and distances, particularly from Europe, South America, and the rest of the U.S., and Canada, to see how it makes sense.

We think that a convention -- and our research shows, that a convention delegate, on average, spends, depending on if it's national or international, between 1,200 and 2,000 dollars, per delegate, per event.

If you translate that, our facility would immediately be able to handle, approximately, a million delegates a year. And we think that there's a market out there, because New York is underserved.

A lot of these large conventions are going to

Orlando, they're going to Philadelphia, they're going to Las~Vegas, and other -- Chicago, particularly.

That, instantly, is a multi-billion-dollar economic impact for the city of New York and the state of New York.

So, what we want to do is, be complementary to Javits. They have a role to play. We recognize that. We would absolutely welcome working out a cooperative relationship, or even an "MOU" -- a memorandum of understanding -- that events that typically have gone to Javits, we have no interest in, because that's not making the pie bigger.

Our goal is to bring people from other areas, back to New York. We think it has natural attributes, in terms of, whether it be the recently unveiled 9/11 Memorial -- which is, you know, phenomenal, and historic -- to the Statue of Liberty, to Central Park, to the Broadway shows, to all the other things that New York has to offer.

We think, instead of having conventions go somewhere else, and New Yorkers go somewhere else, let's bring all of the other people back to New York.

We think that helps a lot of the

stakeholders.

It helps to Port Authority, in terms of volume through airports.

It helps in terms of sales tax.

It helps all the other hotels in the area, in terms of occupancy and rate.

So, we think it's a win-win situation.

And, we look forward to having more in-depth, detailed discussions with everybody, as soon as we have our plan complete.

We expect to have it in the very near future.

We've been focused on opening, but we definitely are following up, opening up what the next step is, and taking more, a global, long-term view of what development looks like at Aqueduct.

SENATOR GOLDEN: Thank you, Mr. Goode.

I would like to be kept abreast of the plans, going forward.

I don't know if this is the proper committee, and this Chairman here, to bring those plans to, and have a future sit-down.

And, I guess you touched on infrastructure.

I guess the infrastructure is very important in the Queens and surrounding area of Long Island, and how you handle the hotel rooms, and how you

handle the ability to get around.

And, I -- we would be interested in seeing that.

CHRISTIAN GOODE: Sure.

SENATOR GOLDEN: Thank you.

CHRISTIAN GOODE: And I'll just quickly tell you, that we've already started the process of retaining professionals in the, traffic and, kind of, infrastructure planning, so we can understand what the impacts would, and start developing those plans of how to address it. Because the last thing that we want to do is, have any more congestion. The Queens has enough of that.

And, so, we're proactively approaching that --

SENATOR GOLDEN: Thank you, Mr. Goode.

CHRISTIAN GOODE: -- milestone.

SENATOR BONACIC: Mr. Goode, I'd just would ask, if you would put the microphone a little closer, and can you speak loudly for the people in the audience, too.

CHRISTIAN GOODE: Apologies.

SENATOR BONACIC: I have, Senator Huntley, would like to ask a question or two.

SENATOR HUNTLEY: Ah, yes, Mr. Goode.

Well, the Senator took all of my questions about the convention center, so I won't have to repeat all that, but, you do know I'm a great supporter of the convention center.

When I toured the building, I thought, first of all, it's a fantastic building. The layout is great.

And, you know, I know people in that community would love to see the convention center come, because I think, basically, it will be used more locally, than from, comparing it to Jacob Javits.

So, I know that's one of the reasons that I think it's an excellent idea.

CHRISTIAN GOODE: Well, thank you for the kind words, Senator. We appreciate your support today.

And, you know, one of the key things that I think needs to be, and I didn't touch on it earlier, is the amount of jobs that come to the community.

People that are constituents of Senator Huntley and live in her district, they want to give up the long commute into Manhattan, and the tireless time on the road or on the public transportation.

You know, our plan brings 10,000 jobs, direct, and indirect. You know, if we go forward with the convention center, it could bring that right to Queens County.

And that's the kind of real impact I think we're looking at.

And in order to achieve that, the constitutional amendment helps it, because, it's not just convention center, it's not just gaming, it's about a collection of what can be brought to the site, and what can be brought to New York.

So, we -- again, Senator Huntley, we thank you for your support today.

And, we will be sitting down with you. And, once our plans are unveiled, we will take the time to go and walk everybody through it.

Our goal is to address everybody's concerns up-front. We don't want to go through a process, where we haven't thought of everything.

So, your feedbacks is critical, and I appreciate it.

SENATOR HUNTLEY: Okay, one other question.

You said that there were 1350 jobs --

CHRISTIAN GOODE: Uh-huh.

SENATOR HUNTLEY: -- 1,350 jobs.

CHRISTIAN GOODE: Yep.

SENATOR HUNTLEY: You've already hired 650 people?

CHRISTIAN GOODE: We actually --

SENATOR HUNTLEY: 650? Am I right?

CHRISTIAN GOODE: Yes.

We have about 250 that actually, on process, working.

The other three to four hundred are in the licensing process, from the Division of Lottery, that should come on board.

I think some are coming on -- I think most come on this coming Monday. And then we'll have another wave of hiring before opening Times Square Casino.

SENATOR HUNTLEY: That would mean you'd have a balance of about 700 more people to hire?

CHRISTIAN GOODE: Correct.

We'll probably, when we open Times Square Casino in the end of October, we'll probably have around 900 employees -- 900 to 1,000 employees. The other 350 will come on when, the second phase, and Fifth Avenue Casino opens in December.

SENATOR HUNTLEY: Okay, thank you.

SENATOR BONACIC: We're joined by

Assemblyman Edward Ra.

Thank you for being here.

Senator Flanagan has a question.

SENATOR FLANAGAN: Thank you, Mr. Chairman.

Mr. Goode, I appreciate you being here. And I'm acting as an agent for my colleague, Senator Martins, who is at a -- on his way to a League of Women Voters event.

But, my question, on behalf of Senator Martins, is: Absent the racinos --

CHRISTIAN GOODE: Uh-huh?

SENATOR FLANAGAN: -- do you take, or does the Association take, any position relative to the location of any new casinos in the state of New York?

CHRISTIAN GOODE: Sure. I mean, we take -- us, as a founding member, and NYGA, in general, takes a very strong position.

We think that it's important that we recognize that we have gaming at these eight tracks. It's been very successful, from a New York State perspective.

The one thing that I don't think any of us here, or any NYGA member, I'm sure, doesn't support, is the proliferation of gaming.

It doesn't need to be on every corner. There's a time and place for everything.

We think the facilities that have been authorized, and it will be up and operational by the end of this year, are the right locations. And if you take a map of New York State, it's well distributed, so everybody that wants the opportunity to go game, has the ability.

But, what we don't think anybody wants is, downtown Las~Vegas, or the Atlantic City Boardwalk, in their backyard.

So, we don't think that there's any need or necessity to expand gaming.

What we want, what we support, is enhancing gaming; enhancing the offering that's available at our existing facilities.

I don't think that the people in New York or, particularly, our member tracks support, or think that it's necessary, to have a casino on every corner.

We think we have very good geographically distributed sites. We think, gaming's already there. It's been a positive impact on those local economies, and, you know, obviously on the state of New York economy.

And, we think enhancing that service offering is the appropriate way, forward.

What we don't support is, having a casino on every corner, or having, you know, every, you pick it, be it, a bar, or whatever, having the ability to have further gaming.

When you start getting into that model, where it's widespread, that's when you start getting the socioeconomic impacts that we all fear. Right?

And as an operator, and I speak for ourselves and for NYGA, we go to great lengths working with the New York State Council on Problem Gambling.

We do extensive training for every employee that we hire; not only at Aqueduct, every facility does that we're very cognizant.

The one thing that we don't support, is any kind of initiative that could have a negative impact on our communities that we operate in, or a negative impact on New York State.

So, I think that you have good partners, that are very cognizant of the impacts, and are very proactive in making sure that problem gaming is addressed, people have the help necessary, and, people are properly trained.

The last thing we want to do is, somebody

that has a problem, to be in our facility. That's not what we're here.

We're here as an entertainment choice, as a hospitality destination, in the area.

Our goal at Aqueduct is to bring people from outside of New York here, because of our proximity to JFK.

But, any kind of expansion outside of the existing facilities, I think is not a good move for the state of New York.

SENATOR FLANAGAN: Thank you very much.

SENATOR BONACIC: Senator Cousins.

SENATOR STEWART-COUSINS: Yes, thank you for your testimony, Mr. Goode.

CHRISTIAN GOODE: Thank you, Senator.

SENATOR STEWART-COUSINS: And, I want to thank you, Mr. Chairman, for having this hearing here.

And, frankly, I didn't have a question.

I just wanted to reiterate what Senator Golden said, with regard to the OTB workers.

And, I know that you said that you would personally, look into, see; but, again, it's a force that's ready, informed, and certainly willing.

So, I just want to reemphasize, that it would

really, of course, within the legal parameters, be, I think, an asset and a benefit to you, as well as, you know, support for workers who have already been in the industry.

CHRISTIAN GOODE: As I said, Senator, we -- I'm are more than happy to look into that.

Our business is not OTB. I'm not --

SENATOR STEWART-COUSINS: I understand that.

CHRISTIAN GOODE: -- personally, or our company, is not intimately associated with what happened there.

SENATOR STEWART-COUSINS: I know that.

CHRISTIAN GOODE: So -- but, we will definitely look into it, and I'll come back directly to the members of the Committee.

SENATOR STEWART-COUSINS: Thank you so much.

SENATOR BONACIC: Mr. Goode, are you in a position to share with us, when you will be opening the racino at Aqueduct, or you haven't made that decision?

CHRISTIAN GOODE: We have not publicly come out with that.

SENATOR BONACIC: Okay, fine.

CHRISTIAN GOODE: That will be forthcoming in the very near future.

The one thing, that, we are looking forward to bringing the best product to market, and we think everybody will be happy. But, that will be public information in the very near future.

SENATOR BONACIC: Thank you very much for being here.

CHRISTIAN GOODE: Thank you.

SENATOR BONACIC: Our next set of people that will testify is a panel.

Joseph Cairo, who's president of Nassau Regional Off-Track Betting; Jeff Casale, president of Suffolk Regional Off-Track Betting; John Signor -- if he's -- John is here -- president & CEO of Capital Off-Track Betting.

And, I see that -- okay.

Gentlemen, thank you very much for being here.

JOSEPH CAIRO, JR.: Thank you, Senator.

Mr. Chairman, and other Senators, my name is Joe Cairo. I'm the president of Nassau OTB.

And, we have prepared, and submitted to you, written testimony. And rather than read it into the record, we just submit it to you; ask you that it be accepted. And, if I may, just make a few comments.

Nassau OTB is suffering the same economic

woes that the other OTBs throughout the state are.

We believe the outdated and unbalanced statutory distributions, together with the economic decline, has affected us, of course, in a very negative way.

We have made efforts over the past 18 months, that our administration has been there, to cut costs.

We've reduced the number of exempt employees;

We've reduced salary and payroll by almost $3 million;

We've closed some locations that were not profitable;

We've increased the number of Fast Tracks, and increased the Internet betting, which is at a very low cost to us, and at the same time, is profitable.

In fact, our handle has increased slightly, by about 8 percent. We attribute that, in part, to the closing of New York City OTB.

My concern, and our concern at Nassau OTB, is that we feel we need relief. We need some relief from the regulations which we believe are outdated. And, also, we want to just play on a level playing field.

We have the Race Palace, which opened several years ago; almost 10 years ago. It's located in Plainview, which is just on the Nassau -- in Nassau County, but on the Suffolk County border.

I heard the previous speaker talk about -- Mr. Goode -- not having every street corner, perhaps, affording the opportunity, but, we feel that the Race Palace is far enough removed, probably 25 or 30 miles from Aqueduct, and certainly further from Yonkers.

We'd like VLTs there.

Why would we like that? Because it will increase the profitability of Nassau OTB. And as you all know, whatever money we make, we don't retain. It goes to the County.

And our concern is really Nassau County -- and being parochial, perhaps -- Nassau County, and the taxpayers of Nassau County.

And, we'd like to have that opportunity.

We think the Race Palace is an ideal location for that.

And we're not only concerned about the money that we make, to turn over to the County, both through operations and through the surcharge, but we're concerned about the workers.

There are a number of people here, who I'm sure you'll hear from shortly, who are employees of Nassau OTB.

We have about 245 employees -- 247 to be exact -- and we're concerned about them, and we don't want them to lose their jobs.

We don't want to go to the same way that New York City did. And, you see what's happening in Suffolk now. Suffolk now has a pending bankruptcy application before the federal court.

So that's -- they are our concerns. We've outlined them in the statement.

And, we would ask you for that consideration in the future. And, we look towards, hopefully, benefiting the -- all of the OTBs, and, in essence, the taxpayers of our counties.

Thank you for this opportunity.

SENATOR BONACIC: Thank you.

JOHN SIGNOR: Is this on?

SENATOR BONACIC: John.

JOHN SIGNOR: Sure.

Can you hear me?

JOSEPH CAIRO, JR.: Yeah, it's on.

JOHN SIGNOR: Okay.

Yeah, thanks, Chairman, and, thank you,

Senators, for having us today.

I'm -- my name is John Signor. I'm the president of Capital OTB.

And, I'll just follow up on Mr. Cairo's remarks.

Uhm, you know, the issues -- and I'll talk about some of the issues -- but, first of all, if you look at the OTBs, when they were created, since their inception:

We provided over $3 billion to the tracks, to help to fund the industry, most of that going to New York State tracks;

$3 billion to local governments, to help, you know, fund important county programs, city programs, and help property-tax relief;

And, a billion dollars to New York State taxpayers.

There are -- you know, the issues; I'll raise a couple of the issues that we've discussed many times.

In our view, the out-of-state Internet sites are a hinderance to the success of OTBs in New York State. And I think they're also having a negative impact on the tracks in New York State as well.

We estimate, anywhere between 300 million and 500 million dollars of handle are being wagered by New York State residents with out-of-state Internet sites. And that, that -- and, the state taxpayers and local taxpayers do not benefit one penny from those wagers.

So, half a billion dollars is being spent by New York taxpayers on horse racing, much of it being bet on New York tracks, and not a penny of benefit to state and local taxpayers.

Also, the breeding funds in New York State are suffering as well; thoroughbred and harness breeding funds.

And, also, our regulator, the Racing & Wagering Board, which now finds itself with a hole in their budget as a result of New York City OTB being closed, if these bets were being made in New York State, through OTBs and tracks, then that budget would be -- that hole in the Racing & Wagering Board budget would be filled.

Another issue is just payments to the tracks.

You know, the payments we are making are via antiquated laws from, 30 years ago, 20 years ago, prior to when the tracks had VLTs.

We just that think the payments schedule

should be more equitable. We're not saying eliminate all the payments, but we're saying, look at some of those payments. And it may be, the "hold harmless" payments, and some of the others that we think are unfair, and probably are not needed by the tracks as a result of them generating the money they're generating through VLTs.

The other thing, and Joe mentioned it, is, our money goes to the taxpayers. We don't retain any money: we don't have a rainy-day fund, we don't have a reserve fund.

Any profits we generate in a given quarter are distributed to local governments.

That's our charge, and that's what we do.

We have a dual mission: We generate money for local governments; and, we provide -- and we support the racing industry in New York State.

And I'll just talk a little bit about Capital OTB.

And, Joe touched on what he did, and we're doing similar things at Capital. And I know all the other OTBs are doing it.

We've cut spending seven years in a row, to the tune of about $5 million;

We've reduced staff from several years ago,

from 450, we're down to 250 employees, which is still a, you know, large Upstate corporation.

We're in the process now of building a new teletheater in city of Albany. It's going to be a state-of-the-art facility, a multi-million dollar facility. And, probably, is going to be one of the, you know, most successful state-of-the-art facilities in the state, if not the country.

And some other things we've done, is with tracks. We partnered with several New York State tracks.

Vernon Downs: We partnered with Vernon Downs and did a marketing plan. And as a result of that, they're handle this year is up about 30 percent.

Last year, we did a marketing plan with them. Their handle was up about 20 percent.

And we did similar things with Finger Lakes Race Track; thoroughbred track.

One of the things that we have, that other OTBs don't have, but we want to bring them into the mix, is, we own our own TV station, and we operate our own TV station.

So, if you're in -- if you go to the Saratoga meet, Channel 12, if you will, in the Capital region, we show horse-racing shows all

morning, from 9 a.m. till 12 p.m., basically, promoting racing, promoting Saratoga, having interviews with the, you know, Hall of Fame trainers, jockeys, owners of the biggest horses in the country.

And, we're now working with a vendor, to try to bring that TV station national, where we can have shows that can also look at Florida tracks, California tracks, as well as New York tracks.

And we also think that gives us an opportunity to bring New York tracks to a national audience.

So, we're excited about that.

And then I would just point to, there were two reviews of OTBs done in 2002.

There was the task force on the future of OTBs. And there were -- I think a former staffer of the Senate, John McCluskey (ph.), was on that task force for a while;

And, there was an audit by the Office of State Comptroller.

And we view these reviews as, basically, independent reviews of OTB. They both came in to look at our operations, and, looked at the payments we were making; the competition from the

out-of-state ADWs; and, some of the consent issues we have to deal with, with respect to placing Easy Bets or Fast Tracks, and some of our branches.

And, for the most part, these independent reviews did not mention consolidation. They generally listed, that, you know, these out-of-state Internet sites are being able to come in and poach our biggest betters.

Now, keep in mind, previously, I don't know, about four years ago, the policy of the Racing & Wagering Board was not to allow out-of-state entities to take bets from New York residents.

And, for whatever reason, that policy changed. And I think that was a bad policy decision, and has led to a lot of the heartache, if you will, or the financial stress that the OTBs are under now. And, probably was one of the major nails in the coffin at New York City OTB, unfortunately.

And, those reports came up with recommendations. And the recommendations are things that we've been pushing for the last seven years, or more.

"Reduce the payments to the tracks that have VLTs."

We don't want to hurt the tracks, but we just

want to be treated fairly. We do represent the taxpayers, and our money does go to help taxpayers.

"Require the out-of-state Internet sites to be regulated, and pay the same fees we pay."

I think we'd probably go a step further, and say, prohibit them, and don't let them take bets from New York residents.

And, on the "consent" issue, you know, allow us to place -- if we want to close a branch and put an Easy Bet in its place, allow us to do that without going to a regional harness track, or another track, and getting denied, because that's hurting our business as well.

You know, and on the "consolidation" issue, I know it has been brought up a lot.

You know, like I said, it's unnecessary, for the same reason Governor Cuomo has ten economic panels out there.

There -- you know, this state is not one size fits all. Each region has its own needs.

Joe has relationships with his county that can get things done in his county.

I have relationships with my local governments, and we brief them, we work with them, and we try to do the best we can, to make -- to

generate the maximum revenues back to the localities.

And, the other thing is, we're -- you know, we're an open book.

Our board meetings are open;

We're -- you know, our -- we have independent audits that are sent to everybody. I think, to the legislature, to this Committee;

And, we're overseen by the counties. And the counties put a lot of pressure on the us, to make sure that we run our operations efficiently and effectively, and are as profitable as we can be.

So, again, I would say, you know, one thing: I would go back to those reports; see what they did.

They didn't have an agenda.

There are people here who are going to say: Oh, we want to take over OTB. Or, OTB should be this and that.

I mean, you know, people are coming with agendas and reasons.

I would say: Look at those objective reports that talk about the issues OTBs are facing.

And I think, if action is taken on those recommendations, and those issues, you can -- you will see OTBs become more profitable, and more

viable.

SENATOR BONACIC: Thank you.

Just a couple questions, if I may.

I know you're building, and you referred to it, Mr. Signor, a new teletheater operation.

Can you tell us, when it will be completed, what did it cost, the size of it, how is it different than what you have there now?

JOHN SIGNOR: Yeah, you know, Chairman, we went -- I visited, and my staff visited, probably six facilities in other states. We went to Connecticut, we went to Pennsylvania, went to New Jersey, went to the Race Palace; casinos and OTB facilities alike. And, what we tried to do is, take the best we found from all of the facilities.

You hear a lot about Woodbridge in New Jersey, a facility that's, I think, the most successful OTB facility in the country. It handles the most money. It's a 20,000-square-foot facility.

So, ours is going to be a 23,000-square-foot facility. Costs us about $4 million to build. It's going to be a state-of-the-art facility, HDTVs all over.

It's gonna -- and we're partnering with a sports bar; a popular sports-bar facility in the

Capital region.

So we think that it's going to be, not only a place for horse racing fans, but also casual betters. We think that we're -- we'll be able to bring more casual people into the facility and turn them into horse racing fans, going forward, which will help grow the sport.

But, it's a -- it's going to be a state-of-the-art facility, and, we expect it to be done by January 1st.

SENATOR BONACIC: Do you think this is a trend, that OTB should be closing parlors and moving more to these regional teletheater operations?

JOHN SIGNOR: Yeah, I mean, you know, we do two-thirds of our business through our branches and Easy Bets. So, we still do -- we're going to do about $155 million this year. We still do $100 million through our branches.

So, that's a lot of money.

And our branches -- many of our branches are still profitable and successful.

You know, that is the trend.

Our -- as Mr. Cairo said, you know, our Internet wagering site is successful. It's going to increase substantially this year over last year.

So, we are -- you know, we are dealing with technology, and doing the best we can, to make sure that we offer a high-quality Internet wagering platform.

I think, over time, that may be the way to go. I don't think -- you know, I think it's too soon to say that's the direction we have to go.

You know, we -- when we have a branch that doesn't make money, we close it. And we've closed some branches this year. But, we still have 30 branches and 30 Easy Bet locations, and most of those are profitable, and most of those are -- you know, are helping county -- generating money for the counties.

SENATOR BONACIC: Thank you, Mr. Signor.

I said before, on the introduction of the panel, that Jeff Casale was here, the president of Suffolk Regional.

He is not here, and I just wanted to correct the record.

I would like to address a couple of questions to Mr. Cairo, if I can.

We know that Suffolk is in the process of a bankruptcy proceeding.

Can you tell me what impediments there would

be to a merger of, Nassau and Suffolk, OTB?

JOSEPH CAIRO, JR.: I think that Mr. Signor indicated that, obviously, Nassau and Suffolk, County, you know, we have -- we have different -- different interests, perhaps, to the extent that Nassau County is unique, and somewhat different, from Suffolk County.

We have had worked -- putting that aside, we have worked through some joint efforts over the past years.

We share -- from the inception of OTB in 1970 -- in the mid-1970s -- 1975, January, we share a phone room, which has been in effect since that time.

Suffolk controls the phone room. We pay a proportionate share, depending upon the handle.

So, we've worked together, that way.

We also work together with respect to the print shop. They have a print shop, where the daily publications come out of.

And, so, we've worked together in that regard.

I would not be, Nassau OTB, would not be adverse to looking at working more closely with Suffolk, or perhaps even a merger for Long Island.

However, we're concerned about Nassau County. We're concerned about the statute which shows that our profit goes to the County, and that's really what our bottom line is.

We, right now, are monitoring. We're attending the hearings -- the Suffolk County bankruptcy hearings. And, we are willing to help as much as we can.

We just don't want to -- at this point in time, we have to wait and see what the outcome is, or what -- how that continues, to see how much we can become involved with them.

SENATOR BONACIC: Okay.

Let me ask you this question: If you had $15 million in reserves in your OTB, what would you do with it?

JOSEPH CAIRO, JR.: Well, first of all, we don't have 15 million.

SENATOR BONACIC: Well, I realize that. But --

JOSEPH CAIRO, JR.: And we --

SENATOR BONACIC: But there is an OTB that does have it.

And I'm asking you, number one: Should an OTB have 15 million in reserves, or should that

money have been returned to the taxpayers?

That's question one.

And, number two: If you had 15 million, what would do you with it, to enhance your revenues, if anything?

JOSEPH CAIRO, JR.: Well, I think that what we're doing, is -- I think what we're --

To try to answer your question as best as I can: I think what we're doing, is, we're looking to make Nassau OTB more profitable for the benefit of -- obviously, of Nassau County.

And, in doing that, as John has done, we've closed some parlors that are not profitable.

There would be -- if we had that excess funding, that extra funding, we would, perhaps, look at other locations, which we are doing.

We have found that -- while the Race Palace has been successful -- and it's been very successful -- we find that, obviously, local branches bring in the bulk of our revenue, together with the two things that are emerging, are, (a) the Fast Tracks; and, so, we would want more Fast Track locations.

As a matter of fact, we currently have twelve. We're allowed, by law, to have eighteen.

As you most likely, or probably, are aware, because we fall within a radius of all of our -- all of Nassau County falls within the radius prescribed by law, from a NYRA location, from Belmont Race Track, we need NYRA's approve for any Fast Track.

And we have tried -- since we came into the administration 18 months ago, we've tried to develop a healthy relationship with NYRA, as best we can.

So, we would look to get more locations, in that regard. That seems to be more profitable, there's very low overhead, you don't have to have employees there. And we've been successful in that regard.

We, also -- the Internet is also growing.

As you see by the statement, the Internet -- our Internet betting grows each and every year. And while that grows, as John said, we are hurt by the out-of-state which is not -- which are not regulated the way that we are.

So, we would look to -- we would look to, obviously, market, and expand upon that.

And, then, there are facilities which need to be upgraded -- we don't have the funds for that -- to make them more user-friendly, so that more patrons would come in.

I heard the previous person testify, and as John indicated, the new location that they're developing up there, we'd like to, obviously, explore that.

Perhaps an additional Race Palace in another part of the county, because the Race Palace, right now, is our prime source. You know, it does better than any of the other locations.

And, then, we've also been hurt -- we've been hurt.

And, very candidly, when New York City closed, we had a bit of an upswing in some of our parlors, like Green Acres, which is in Valley Stream, which borders the city.

But by the same token, we've been hurt, because of NYRA's opening of the Belmont Cafe, which has been very profitable for them, which is in the Elmont community, which is a community that borders Franklin Square. It's probably a mile from the Franklin Square branch, which, traditionally, has always been our most active and profitable branch save the Race Palace.

And, Belmont Cafe is probably a mile away, and we've lost a significant -- we've -- a significant amount of handle there. And we actually

are in a -- are down at the Franklin Square branch.

So, if we had the money, that's some of the things we would do.

But, again, Senator, or Mr. Chairman, I believe our mission is to -- at least, in part, is to make a reasonable return for the County. And that -- that, really, is what I follow.

SENATOR BONACIC: Do you know if Suffolk has closed any parlors since they declared bankruptcy?

JOSEPH CAIRO, JR.: Yes, Suffolk has closed parlors. I don't know if it was simultaneous with, just before, or just after, but, they have closed parlors.

SENATOR BONACIC: Okay.

This is a question that I have, that -- I like the way Capital runs their OTB, from what we've been watching all the OTBs.

JOSEPH CAIRO, JR.: Uh-huh.

SENATOR BONACIC: Do you -- would Nassau object if the operations of Capital OTB got expanded into New York City?

Do -- would you see a problem with that, with Nassau?

I would ask, if the Suffolk gentleman was here, I would ask both of you the same question.

JOSEPH CAIRO, JR.: I will tell you this: That I've been associated with Nassau OTB since May of last year.

And, very candidly, while I have high respect for many of the gentlemen and ladies that I've met in OTB, you know, from the various regions, that Mr. Signor is certainly very impressive. Does a great job where he's at.

And I think that I certainly would support exploring that, or looking into that, because of the -- of what I've seen of his operation, and more importantly, how I've seen him work, and accomplish things over the past 18 months.

So, we would have no objection to Capital certainly exploring that.

SENATOR BONACIC: My last question: I asked you the impediments of a merger between Nassau and Suffolk.

And you -- you said, you know, "uniqueness."

But, can you give me a logical reason why it wouldn't work?

JOSEPH CAIRO, JR.: You know, it might work.

Right now, to be very candid with you, Suffolk's in trouble. You know, there's a bankruptcy there.

If there were a planned bankruptcy application, certainly, which I think has, both, procedural issues and, perhaps, you know, substantive issues, if -- if, as part of that plan, something came out of that that made recommendations, we would certainly look at that.

Nassau and Suffolk are dissimilar, and they are unique in their own respects. But, by the same token, I'm sure, you know, it's Long Island, and people of have long spoken about, you know, it making sense to do that, not only in OTB, but in other areas of government or quasi-government.

So, it's something that we would look at.

Right now, Senator, with the bankruptcy application, again, we want to be helpful, but, my charge, and my obligation, is to the people of Nassau County. And I want to lend a helping hand.

I want to lend a helping hand.

And, forgive me, and I hope I'm not being too brash, but, if they're in quicksand, and we can lend a helping hand and pull them out, then we want to do it.

I don't want Nassau County to fall into the quicksand and go down; go down with Suffolk.

SENATOR BONACIC: Okay.

I think you've answered this question, but, between Suffolk and Nassau, you don't have -- you have one betting facility? It's not separate?

JOSEPH CAIRO, JR.: Excuse me, the -- we have -- we have separate --

SENATOR BONACIC: Phone-betting facilities, is what I --

JOSEPH CAIRO, JR.: Oh, we have one, I'm sorry, phone betting.

Yes.

SENATOR BONACIC: And one for both?

JOSEPH CAIRO, JR.: One for both.

SENATOR BONACIC: Yeah.

JOSEPH CAIRO, JR.: It's been that way since the 1970s. Suffolk man -- it's located in Suffolk County. They man it, and we share in a -- in the cost proportionate to the handle.

SENATOR BONACIC: Okay, thank you, gentlemen.

Senator Golden has a couple questions.

SENATOR GOLDEN: Thank you, Mr. Chairman.

Thank you, gentlemen, for your testimony here today.

The -- if racing, obviously, isn't enhanced, to some degree, in this state, and across the nation, OTBs are just going to fall like dominoes.

And, that's what we see happening.

We need -- we see some strong OTBs here. We got strong management themes. We have a good direction. You know how to turn a dollar, and make it work in your particular regions today.

New York City, particularly, I get a kick out of it, that we closed almost a billion-dollar operation. And, we have yet to open that up into any gaming operation that would be successful for the future.

We have a bill that would put the gambling of OTB into sports bars, with kiosks, and allow for that to happen, enhancing the sporting bars, enhancing their license, enhancing their kiosks, for dollars that they would have to pay the State to operate. And, we believe that that would be profitable.

What's your feeling, gentlemen?

Why don't we start with you, John.

JOHN SIGNOR: Yeah, you're talking about New York City, Senator?

SENATOR GOLDEN: Yes.

JOSEPH CAIRO, JR.: Yeah, you know, we were the ones who -- or, Capital OTB, created Easy Bets, if you will; came up with the first Easy Bet in

New York State. And, we have over 30 locations in sports bars, restaurants, bowling alleys, et cetera. And, they are low-cost, and they do provide revenues for the County.

So, I think, if you find the right locations, they will be profitable.

How profitable, will depend on, you know, how large the facility is, and so forth.

I think an analysis should be done, but, clearly, that is one way to get some of that handle back into -- you know, some of that handle from New York City back into the New York racing industry.

SENATOR GOLDEN: Joe?

JOSEPH CAIRO, JR.: Yeah, completely agree.

SENATOR GOLDEN: The brick-and-mortar, obviously, is a major problem. And I think that handles the brick-and-mortar, and handles it well.

To enhance your industry, though, you mentioned VLTs.

What about sporting -- sports bars; actually having sporting as a commodity in your entities?

JOHN SIGNOR: Yeah, I think we would support that.

And the good thing about, obviously, sports

betting is, you don't need a big investment of capital.

Our facilities, we could do it.

Joe could do it at the Race Palace, I could do it at our new teletheater, and, there might be some technological changes that would have take place, and some enhancements that way. But, obviously, there wouldn't have to be a huge investment of dollars that, unfortunately, neither of us have.

But, that's something that I think we would support.

SENATOR GOLDEN: Anyone who has the $15 million.

I'm only kidding.

Joe?

JOSEPH CAIRO, JR.: Yeah, we spoke -- John and I spoke about that earlier.

And, tell us when we start, and, we're ready.

SENATOR GOLDEN: Good.

The NYRA; we've heard a lot about NYRA, and we continue to hear a lot about NYRA.

You find them as -- do they have a hold on your industry?

Are they helpful to your industry -- I know

the answer here, but I want to get it from you -- or, are they hurting your industry, in the regulations that they have, and the hold over you?

JOHN SIGNOR: Well, no. I mean, you know, we've had a good -- generally, a good relationship with NYRA.

I think, with the fall of New York City, if you will, I think NYRA has done fairly good job in trying to gather a lot of that handle that would have otherwise been lost.

I think a lot of that handle has been lost to out-of-state Internet sites. You know, Twinspires, and some of these other large Internet -- out-of-state Internet sites.

So -- I mean, you know -- you know, I don't think NYRA's in profitability yet, but I do think that they were aggressive in trying to get that handle, so I think they deserve some credit on that front.

You know, could they be more, you know, cooperative? Of course they could. We probably, all of us, could be.

But, you know, we've -- like I said, we've reached out to every track in the state, to try to do marketing plans with them.

The only two that took us up on it were Vernon Downs and Finger Lakes. And both of those, you know, it was a win-win for both entities.

So, I think more of that, could take place, and should take place, between all of the tracks, and all of the OTBs, to be -- you know, to be frank.

SENATOR GOLDEN: Joe?

JOSEPH CAIRO, JR.: NYRA is -- I've had a long-time relationship. I live a couple of miles away from Belmont. I represented it as local councilman, that community, for almost 20 years. We always tried, and did have, a nice relationship with NYRA. Tried to work together.

They worked on behalf of the community. In the past, five to ten years, they probably -- as Assemblyman Ra can tell you, they probably -- or as Senator Martins, both of them represent that area -- they -- they've been even more active with the community.

OTB, we've tried to develop a relationship.

Charles Haywood has been a gentleman throughout, as have been the people at NYRA. They're in our backyard.

On the other hand, the Belmont Cafe, you know, at Belmont, has hurt us drastically at the

Franklin Square branch.

And we do have -- and we do plan on meeting with them. We've spoken about this, and with some of the NYRA board members, to try to work cooperatively, the way John has, with some of the other locations, the other tracks, for both of our benefit.

They're in Nassau County, Belmont is in Nassau County, and we want to work with them, we want to work together, to the benefit of both.

SENATOR GOLDEN: How does Aqueduct, help, or hurt, you?

JOSEPH CAIRO, JR.: When they open up? I think it's going to hurt.

I think it's going to hurt. I don't know to what extent.

A fellow who was at Nassau OTB, from the inception, who retired just six months ago, said it's going to take 35 percent of our handle away.

I don't know if that's true.

Others say it could be 10 percent.

But, I think it's going to hurt.

Aqueduct is a stone's throw. I live 11 miles from Aqueduct. And, probably, 23 or 24 miles from the Race Palace.

Aqueduct is close by.

Our most profitable locations are -- or, the most active are, Franklin Square, and Green Acres, and they're the closest to the city line.

So, I don't know to what extent, but I think it definitely will have a negative impact on us.

SENATOR GOLDEN: The last question, Mr. Chairman.

The Internet sales of sports betting, if that were to become a reality here in the state of New York, obviously, it would be a major boom, and would put you -- both of you much more competitive than you presently are?

I presume the answer to that --

JOHN SIGNOR: Absolutely.

SENATOR GOLDEN: -- would be yes?

JOSEPH CAIRO, JR.: Absolutely.

SENATOR GOLDEN: And the phone betting as well?

JOSEPH CAIRO, JR.: Yep.

JOHN SIGNOR: Yes.

SENATOR GOLDEN: Thank you very much.

JOHN SIGNOR: Thank you.

JOSEPH CAIRO, JR.: Thank you.

SENATOR BONACIC: Mr. Cairo, just let me

bounce something off of you.

If Belmont sought casino gaming at the track, and any legislation contained a local referendum approval from the community, reading the pulse of the people today, you say, it passes, or doesn't pass?

JOSEPH CAIRO, JR.: Belmont is located in Elmont, and it borders on the north side to the village of Floral Park.

Elmont is a very vibrant community. It is probably the most active community, civic-association wise, of any in the town of Hempstead, or perhaps, even in Nassau County.

It's a very vital community.

It, unfortunately, Senator, has a very high rate of unemployment.

And I heard, you know, Senator Golden, and Senator Cousins, talking before, about, you know, employment and OTB workers, et cetera.

I think that it would have a ground swell of support.

And I think that -- despite, at first, some opposition from the Floral Park community, I think that the Elmont community, and the other neighboring communities, as such, would be very much in support

of it.

SENATOR BONACIC: Thank you.

Are we good?

SENATOR GOLDEN: I have one question.

SENATOR BONACIC: Senator Golden has another question.

SENATOR GOLDEN: One quick question.

The -- you talked about closing locations, and opening up new locations.

Are you recycling some of the people that have been laid off in your areas into the new positions?

JOHN SIGNOR: Capital OTB?

SENATOR GOLDEN: Yes.

JOHN SIGNOR: Yeah, a lot of people have gone through early retirement from last year, and attrition over the years.

So, we haven't -- fortunately, we haven't had to lay people off, but, you know, unless -- you know, if with don't get the help that we're seeking, at some point, that could be a reality.

SENATOR GOLDEN: And, Joe, layoffs --

JOSEPH CAIRO, JR.: Yeah, we haven't had layoffs.

And, ironically, just the other day, a

gentleman called me, who had been at New York City OTB.

And, we haven't hired many people either, although we did have -- we did take advantage of the early incentive retirement.

And I just -- ironically, the other day, I got a call from a gentleman who worked for New York City OTB, and he's coming in one day next week.

But, fortunately, we haven't had any layoffs yet. But, again, you know, we're in a decline.

Just as John said: We need some help.

SENATOR GOLDEN: Thank you, gentlemen.

Thank you, Mr. Chairman.

SENATOR BONACIC: Thank you both for coming, and, it was very appreciative.

JOSEPH CAIRO, JR.: Thank you, Chairman.

JOHN SIGNOR: Thank you.

SENATOR BONACIC: Our next speakers are:

Lenny Allen, who is president of Local 2021, DC 37; and, Barry Yomtov -- I hope I pronounced that right -- president of Local 858, International Brotherhood of Teamsters.

Lenny, why don't you start.

LENNY ALLEN: Thank you.

Good afternoon, Chairman Bonacic, and members

of the Racing -- Senate Racing, Wagering & Gaming Committee.

My name is Lenny Allen, president of Local 2021, and I'm representing the former employees of the New York City Off-Track Betting Corporation.

As you know, the New York City OTB Corporation was shut down on December the 7th, 2010, as a result of legislative inaction by the New York State Senate.

On December the 20th, 2010, the corporation ceased its operations entirely, this, in spite of the fact that the corporation had $14 million which could have kept the doors open until March of 2011.

As a result of this closure, close to 1,000 members of Local 2021 lost their jobs; 100 were forced to retire; and all employees and retirees lost their health insurance and supplemental benefits, which includes, optical, podiatry, dental, and prescription drugs, to individuals, who, upon retirement, were entitled to, and were receiving, these benefits at the time of closure.

The closure, or shutdown, of New York City OTB continues to adversely impact Local 2021

members, and its parent union, District Council 37.

Local 2021 gave up some very significant concessions through agreements with the turnaround specialist Greg Rayburn, including a significant downsizing of its workforce.

The closure of OTB has meant our members have faced:

Foreclosures;

Had to discontinue paying school tuition;

Had to make payments of health insurance coverage that they previously did not have to pay, taking up 50 to 60 percent of their pension money to pay for health insurance;

Have faced unemployment -- the filing of unemployment benefits, which, for many, is about to cease;

Homelessness, resulting from income insecurity;

Not to mention the even greater loss to the State, such as:

The loss of revenue to the State, 750 million dollars in handle;

Increase in illegal bookies operating throughout New York City. The purpose of the creation of New York City OTB was to prevent the

operation of bookies. We are now aiding and abetting their proliferation;

The decline in revenue and spending in local communities as a result of the neighborhood parlors closing;

The increased rate of unemployment to our communities of Upstate New York that's supported by the racing industry.

This loss is enormous, and must be reversed if we are to revive the racing industry in New York State.

This was done in spite of the fact that the corporation had funds equivalent to 14 million, which could have allowed it to continue operating until March of 2011.

We would like to know: What happened to this 14 million?

The money was promised to our members through an agreement with the New York City OTB Corporation, which would have paid for the severance of our members.

Adding insult to injury, this past September the 23rd, Governor Andrew Cuomo vetoed the bill, Senate 4489, and Assembly 5785 -- which passed the Assembly by 77 to 47, and the Senate by

51 to 11 -- that would have restored health coverage for about 900 retirees from the City's Off-Track Betting Corporation, under the premise that the legislation had failed to make any appropriation to accompany the legislation.

Sadly, the closure of New York City OTB did not have to happen.

At the time, when New York City was exploring alternatives to the closure, DC 37, Local 2021, stepped up and offered significant labor concessions during the negotiations with New York City's OTB turnaround specialist Greg Rayburn, who was paid a monthly salary of $125,000, to reorganize New York City through a bankruptcy restructuring.

These givebacks included a major downsizing of the workforce, reduced pay, and the closure of dozen unprofitable branches.

Before its closure, New York City OTB accounted for 51 percent of the revenue generated by OTBs in New York State. Its absence would only mean that other OTBs would shortly follow suit -- Nassau and Suffolk -- and the New York racing industry will not be able to withstand the collapse of the industry.

We are facing an emergency situation.

If the revitalization of the New York racing industry is not a priority this year, or in the next legislative session, then racing, as we have known it, will not only cease to exist, but retooling will be -- will not be possible.

One of the ways we believe that the industry can begin its restructuring, or revitalization, is to bring back the operational presence of betting in New York City.

This session, a bill was introduced in the Assembly and Senate which would very easily bring back the operations of New York City OTB.

This would be possible if Assembly Bill 7301, sponsored by Assemblyman Pretlow, and, Senate Bill 5054, sponsored by Senator Lanza, was passed by the legislation and signed by the Governor.

This legislation would expand the operations of the Catskill region into New York City.

This legislation would cost the State absolutely nothing. It would bring workers back to work immediately, and it would generate revenue that our State so desperately needs, and has not been realized since OTB's closure.

Put simply: This legislation is a jobs bill; an initiative to jump start our local economy.

Many of our Legislators and our Governor have talked about jobs being their number one priority.

This bill is the quickest, most viable, and most sustainable jobs program which would benefit our regional economic council, not to mention, that the creation of these jobs will mean health insurance coverage for those employees.

Given the latest economic forecast for the last quarter, where no jobs were generated, this legislation would hire those who lost their jobs, many of whom served for the life of the corporation, who now know how -- who have the know-how and ability to hit the ground running.

This not only makes sense, but it's the right thing to do.

The operations of these parlors should be given to an operator with a proven track record, a managerial prowess, transparency in its accounting practices, and devoid of criminal and legal scrutiny. Most of all, one who invests in this endeavor without any State assistance or bailout to be successful in its sustainability.

Donald Groth, the CEO of the Catskill region, was one of the first employees of New York City OTB at its creation. Mr. Groth's knowledge of the

racing industry is unmatched.

The Catskill Region OTB is the only profitable OTB in the State, and most successful in the country.

It is my belief that NYRA should not be allowed to open up parlors in New York City. The operation or revitalization of a New York City presence must be, at a centerpiece of existence, include the employees and retirees of New York City being made whole.

The injustice unnecessarily placed upon these individuals must be rectified, as they were the victims repeatedly.

Priority must be: Bringing back the employees who lost their jobs, in addition to their health benefits, December of 2010.

The loss of health insurance benefits for people already retired, and those ineligible to retire, being the unforeseen consequences of the Legislature's inaction.

Finally, on the issue of consolidation: If consolidation means privatization, we oppose it.

I believe the uniqueness of New York City dictates a different approach for New York City. And, as such, we oppose the consolidation of all

OTBs.

I believe it's premature, and unnecessary.

The real need is a change in the racing revenue distribution formula.

I have worked over three decades, for, and around, New York City OTB, and my experience has shown me that the current formula does not even the playing feel for all of those involved in the industry, and needs to be revised if we're going to address the structural changes of facing all OTBs in the state.

In conclusion: I would like to read an excerpt from Senator Addabbo's, a co-sponsor of Senate 4489, and a member of this Committee, who wrote, in his reaction to the Governor Cuomo's veto message, and I quote:

"I would be prepared to make additional appropriate budget cuts in spending, or seek to further eliminate wasteful allocations, in order to absorb the costs of Senate Bill 4489 and Assembly Bill 5785.

"I stand with the union members of DC 37, Local 2021, and the Teamsters Local 858, who speak for the New York City OTB retirees now in crisis.

"We cannot continue monthly COBRA premiums

which exceed their monthly pension income. Many of the 900 retirees are unwell and aging, but who do not satisfy Medicare age requirements, are in the hospital, and under unmanageable stress over how to pay their medical bills.

"Ineligible to enroll in Medicare, retirees have considered enrollment in Medicaid, only to be told that the average OTB retiree monthly income is slightly higher than the 2011 Medicaid monthly income guideline, of $14,000 -- I'm sorry, of $1,410 for a family of two, monthly.

"Once again, these retirees were ineligible for Medicaid. So, today, these New York City OTB retirees are laying in hospital beds, uninsured, through no fault of their own."

End of quote.

Addabbo concludes:

"I'll fight with the unions as we next propose a budget amendment, as soon as possible, to dispel the Governor's concern that a lack of funding by the Legislature to pay for the OTB health benefit was the reason he vetoed the bill.

"Expect to see the return of this OTB health bill in some form when the Senate convenes early next year.

"Until we get it right the next time, all OTBs' retirees under age 65 are between a rock and a hard place. No one should have to endure the financial hardships, and choose which benefits to leave behind."

I would like to thank, Chairman Bonacic, and the members of the Racing and Wagering and Gaming Committee for holding this hearing today.

It is my sincere hope that the crisis facing the racing industry in New York State, and the dire consequences of its potential collapse, will be given the urgency that the current situation dictates.

Again, thank you. And, I will answer any question that you may have.

SENATOR BONACIC: I would ask that the other gentleman give his remarks, and then we could address questions to either gentleman.

Thank you.

BARRY YOMTOV: Thank you, Senator.

Chairman Bonacic, members of the Racing, Wagering & Gaming Committee, I'm Barry Yomtov. I'm the president of Teamsters Local 858, and, I thank you for the opportunity to present testimony at this most important hearing.

Local 858 represents the branch managers and the restaurant supervisors formerly employed by New York City OTB, as well as all collective bargaining employees of Nassau Regional OTB.

I'm going to confine my remarks to an issue that has, to date, received little publicity: That's, the loss of revenue to state and local government, and the racing industry, as well as the costs associated with the closure of New York City OTB.

When OTB closed on December 7th, all statutory payments ceased. We've heard a lot about the loss of revenue. No one has actually put a number on it.

By way of example: A few days after OTB closed in December, I spoke to the Comptroller of City OTB, and I asked him a very simple question: How much did we pay to Nassau County that year, in 2010, surcharge money, for the bets we took at Belmont Park?

And he told me the number was $900,000.

That's for one track, one OTB; a track that was open, approximately, five months in the year.

By contrast, the Comptroller of Nassau County recently reported that Nassau OTB turned over the

sum of $1 million for the first six months of this year, from surcharge money, from all sources.

On an annualized basis, the $900,000 that City OTB paid Nassau County was slightly less than half of the total surcharge money that the County will receive from Nassau.

Now, the reason I make this comparison, is to show the magnitude, and the significance, of the surcharge payments that the City OTB was paying to governments outside of the city of New York.

And this is repeated, time and time again, in any county of the state.

Where there was a track that we took bets on, that county received 50 percent of the surcharge money.

And over the years, the amount of money that City OTB contributed to these local counties funded worthy public services, and public projects, which are no longer being funded as a result of our closure.

In addition to the surcharge money there's a pari-mutuel tax. That also ceased.

The Governor's Office released a report entitled "2011-2012 Executive Budget: Economic and Review Outlook."

On page 326 of this report, he states, as follows:

"All funds receipts from pari-mutuel taxes are projected to decline to $14 million in 2010-2011; a decrease of $3 million, or 17.6 percent.

"This decline is largely due to the loss of pari-mutuel tax that was generated through the operation of a New York City Off-Track Betting Corporation.

"While a small portion is expected to move to NYRA and other regional OTBs, it is estimated that the closure will result in a $3.2 million decline in pari-mutuel tax receipts from the OTBs in 2011-2012."

Additionally, regulatory fees payable to the Racing & Wagering Board have also ceased.

Included in Governor Cuomo's budget proposal, but not enacted, was a two and three-quarter percent surcharge on the purses from the New York State tracks, to fund the activities of the Racing & Wagering Board.

This was necessitated by the loss of the regulatory fees formerly paid by New York City OTB.

In addition, payments to the State Breeding

and Development Fund have also ceased.

At that time, almost 25 percent of the Breeding and Development Fund budget came from City OTB; some $3 million a year.

Now, these losses are compounded by the costs associated with the closure.

The thousand members of our Local, and Lenny's Local, are now receiving unemployment benefits.

In addition to unemployment benefits, they are also receiving publicly financed healthcare services for themselves and their families.

I know of, many of my people, many of my members in the city, are on food stamps.

They're receiving food stamps, they're receiving publicly financed healthcare, for themselves and their families.

There's also the loss of state and local income taxes that are our laid-off members paid as part of their salaries. These are losses that amount to millions and millions of dollars.

The decline in economic activity attributed to the layoffs is unimaginable. I can't even begin to place a figure on it.

There is also been a decline in business

activity, from the businesses surrounding our locations. Every one of our branches had a convenient store, a fast-food outlet, a newsstand, that was patronized by our customers, frequently, more than once a day.

I believe, that in order to put a number on the losses and costs, that there should be some sort of an inquiry, perhaps by the State Comptroller or Budget Director, to try to assess the amount of money that has been lost as a result of City OTB's closure, as well as the additional costs involved, mostly payable by the State, in the form of these unemployment benefits and healthcare services.

By enacting legislation reestablishing an OTB presence in the five boroughs, the losses and costs that I stated will be largely eliminated.

The restoration of jobs will remove those who were laid off from the unemployment rolls and put them back on the tax rolls; their health insurance will be restored, and that will take them off of any sort of publicly financed healthcare that they are now receiving.

The restored jobs will reestablish the economic activity associated with those jobs.

As Lenny had mentioned in his testimony, many

of our people, have lost their homes, or on the verge of losing them.

Our people did not bank their paychecks. They lived from paycheck to paycheck, and all of that money was circulated back into the economy, when they paid their bills, when they sent their kids to school, and when they bought food for themselves, to put on the tables.

The state racing industry will also benefit from the reestablishment of a City presence. All of the statutory payments that were made to the state and local government will be restored.

So, this is not only a jobs bill, as Lenny had mentioned, it's also a revenue bill, to restore the lost revenue that occurred once City OTB closed.

And, this can be accomplished at no cost to the City of -- to the State of New York.

Moreover, these revenues that will be restored will provide a funding source for the lost healthcare benefits of our retirees.

I ask the Committee to give serious thought to the adverse financial impact the closure of New York City OTB has had on the, state, local governments, and the racing industry, in its deliberations.

Reopening City OTB, or an OTB presence in the city, is a win-win for the employees, the State, the racing industry.

I understand the Committee will be considering the possibility of consolidation of the OTBs.

Consolidation -- the thought, the process -- is a time-consuming one.

And we urge the Committee -- I urge the Committee -- to look, first, to reopening an OTB presence in the City prior to considering any sort of consolidation.

This is something that needs to be done soon, Senators. We're running out of time for the City. The other OTBs are also facing, you know, financial difficulties.

And, we need statutory relief, in addition to reopening City OTB. We all do.

And this is something that has been discussed by commissions, committees, task forces, for many, many years. But, I believe, now, with the City OTB having closed as a result of its bankruptcy, Suffolk County on the verge of closing, Nassau County has been losing money for the past three years, I think it's time that everyone come

together, and enact legislation that will revive the OTB system in the state of New York, but, especially, to reopen branches in the city, as the, first, and foremost, need at the time.

I thank you, gentlemen -- ladies and gentlemen.

SENATOR BONACIC: Gentlemen, thank you.

I should have said this before, but, I would appreciate, if, when the witnesses come forward -- they've already submitted testimony as to what they want us to hear.

We're all going to read what you've said.

I would appreciate, for purposes of brevity, and to have a more productive interaction, that you summarize your high points.

And this is not directed to you two gentlemen; it's just directed to the two speakers that will come after you.

If you could summarize, and I think questions, back and forth, would be more helpful to us than spending the time just reading.

We have to be out of here at 2:30, we've lost some senators that have other commitments, and, we want to make sure that everybody has their say.

I have one question for Mr. Allen.

LENNY ALLEN: Yes, sir.

SENATOR BONACIC: I know that you have been promoting that the Catskill OTB take over the New York City operation.

If there isn't support from the Legislature or the Governor to do that, are you amenable to another OTB taking over New York City operations and reopening?

LENNY ALLEN: Senator, let me answer, this way: Our concern, as a union, is getting justice for the workers who lost their jobs.

The reason why we're advocating for the Catskills, because we see it as being the simplist way to achieve that. Otherwise, they have the money without getting any government assistance.

We have a good labor relation with the Catskills, you know.

I don't see -- I think it would be more difficult for any other OTB region, at this time, to step in, and pick up the pieces of New York City.

I'm not against anything that's going to put our workers back to work.

That's the short answer.

SENATOR BONACIC: Okay, thank you, Mr. Allen.

Senator Golden, do you have any questions?

SENATOR GOLDEN: Thank you, Mr. Chairman.

Thank you, gentlemen.

Good afternoon.

LENNY ALLEN: Good afternoon.

SENATOR GOLDEN: The -- before we even start, you know, I want explain, and -- not explain, but, tell you, that we supported the benefits for the employees. The Governor has vetoed that bill.

That does not mean that we do not continue to champion what we believe is a good cause.

And, we will continue to champion that cause.

LENNY ALLEN: Thank you.

SENATOR GOLDEN: The -- yours is one OTB that fell. And, if racing is not enhanced across the state of New York, others will fall as well.

You just can't take an almost billion-dollar hit to an industry and not expect fallout at the other tracks and other OTBs.

So, it's imperative that we get back on track.

Following up on the Chairman's question, about another OTB: I don't think you really care, as long as we get an operation that is a profitable operation, that has a direction, and a leadership,

that will allow for the OTB in New York City to exist, and to do its almost a billion dollars in economic activity.

And that's -- and I'm going to throw another question out there, along the same lines: If we're looking at possibly another OTB, if Capital didn't do that, what about an open bid, for anybody, to come in and take that operation up, as long as it remained a public-private operation?

LENNY ALLEN: I would have to give that some thought, Senator, because, what we're looking for is union jobs, with benefits, you know.

And -- I know that I've had conversations with the Catskills, and they're willing to provide union jobs, with benefits.

It depends on what the other bidders are going to say to us, that can satisfy the needs of our members.

SENATOR GOLDEN: I hear, you, Lenny.

And, Barry?

BARRY YOMTOV: Yeah, I would like to respond as well.

Privatizing any component of the off-track system would only add another layer of profit-taking out of the available funds.

We believe that those funds should go to, state, local government, and the racing industry, not to a private operator who will seek to maximize their profit, at the expense of the workers, and perhaps even at the expense of the government.

SENATOR GOLDEN: And we still want to get some operation going. And if you have a private-public operation that brings a profitability to the -- and a sustainable profitability to the industry, I don't know why you would not want to do that, as long as your employees are getting back to work, and they're getting the monies and the benefits that they deserve.

BARRY YOMTOV: Well, with that proviso, that they are getting the benefits and salaries that they're accustomed to receiving.

SENATOR GOLDEN: Obviously --

BARRY YOMTOV: I mean, I think it's something we can discuss. Certainly, we're not slamming the door in the face of that, but, I think it's something we need to explore.

SENATOR GOLDEN: Thank you.

Obviously, you would also not be against the -- if the constitutional amendment were to pass this year and next year, or next year and the year

following, that we could get a sports betting here in the city, and state of New York.

BARRY YOMTOV: Well, I believe -- pardon me, sir, but, I believe that the off-track betting system, we're already capable of taking sports bets, and it would be a natural second product for us.

You know, we only have one product.

The tracks now have two: They have the horse racing, and many of them have VLTs.

We need an additional product. And sports betting is a natural extension of the services that we're currently offering. It's -- our machines are already capable of handling sports betting, sir.

SENATOR GOLDEN: And the Internet sales as well, I presume?

LENNY ALLEN: Yeah, let me weigh in.

You know, my union has advocated, they're taking the sports betting, for years. I mean, this is not something that's new to us.

We thought that, like my colleague Barry said, that it would bring additional revenue into the game, other than the horses.

So, we would be supportive.

SENATOR GOLDEN: Now the only guy making money is the bookie right now in New York City.

LENNY ALLEN: Well, that's the way it seems.

I believe that the bookie picked up the most of that $750 million handle.

SENATOR GOLDEN: Okay.

And, last in closing: I, also, in support of the Lanza bill, if that were the last bill standing, to put people back to work.

But, I do believe, you have to change with the times. You have to change the industry, you have to remake yourself. You have to get out there, and you have to exist in a profitable mode.

So, I would hope that, we, as a committee, and, you, as the stakeholders, that we can come up with something that is a twenty-first-century model that works, going forward.

LENNY ALLEN: Thank you, Senator.

SENATOR GOLDEN: Thank you.

BARRY YOMTOV: Thank you, Senators.

SENATOR BONACIC: Thank you.

Senator Huntley.

SENATOR HUNTLEY: Ah, yes.

Lenny, I just want to, basically, make a comment.

LENNY ALLEN: Yes, ma'am.

SENATOR HUNTLEY: You know I support your

efforts in the union.

I understand about the Catskill plan, which I thought was a good one. I also support that.

And I think, like -- much like Joe Addabbo said, we need to really go back and do something about this.

I also understand, people, with no health insurance, families; children, who can't go to college.

You know, and sometimes, people don't understand it, until it happens to them.

And I tell all of my constituents that, and wherever I speak.

You know, a lot of times, people can tell other people how to do things. But, when they fall into the same hole, then it becomes really an important issue.

But, I support your efforts.

LENNY ALLEN: Thank you for your support, Senator.

SENATOR STEWART-COUSINS: You're very welcome.

SENATOR BONACIC: Thank you, gentlemen, for being here today.

And our next speaker is, Mr. Rick Violette, who's president of the New York Thoroughbred Horseman's Association.

JAMES GALLAGHER: I'm sorry, but Mr. Violette is in transit from Manhattan. He was attending the NYRA board meeting, which just concluded, roughly, an hour ago.

And -- but, my name is Jim Gallagher. I'm the executive director of the New York Thoroughbred Horsemen's Association.

And, based upon Chairman Bonacic's consideration of trying to limit it, the length of speeches that might be given, Rick really did want me to read a thing that he had put together, relative to an issue that is of great importance to the horsemen. It's a very controversial issue right now, which revolves around Lasix.

There is a move to, basically, ban the race-day medication of Lasix.

Lasix has been used in horse racing for over 40 years, and science, over that time, has shown that 80 percent of thoroughbreds, under racing conditions, bleed without Lasix.

The way a bleeding episode is documented is through endoscopic exam. They put an endoscope

through the horse's nostrils, into his lung, and make a determination as to the severity of the bleeding episode. And, they're generally rated, from 1 to 4.

And if a horse bleeds visibly through its nostrils, it's called "epistaxis."

Recently, in 2009, there was a South African study which was conducted, which was funded by the -- a subsidiary of the Jockey Club, called the "Grayson Research Foundation," which was a triple-blind, placebo included, and done under racing conditions, that concluded that Lasix was an effective medication in preventing the onset and the severity of a bleeding episode.

Horsemen want to prevent any bleeding incident in a racehorse, because it can lead to bigger, more significant bleeding episodes.

There's a couple of misconceptions regarding Lasix that I would like to seek to clarify to the Committee.

Lasix does not enhance performance, but allows a horse to run to its natural abilities. It does not mask the presence of other drugs.

This has been -- drug testing has been going on for many, many years, with the onset of Lasix.

And, it in no way interferes with actual testing procedures that are conducted, either in New York or nationally.

Somehow that Lasix shortens the racing career of our thoroughbred athletes, this is absolutely untrue.

We race year-round here in New York.

And we, in the United States, average 6.4 starts per thoroughbred that races, which compares with: Australia at 6.2; England at 5.4; France at 5.6; and, Ireland, which is at 3.7.

Many people ask: Why don't Europeans race on Lasix? Why don't their horses have bleeding problems?

Well, it's a very, very basic diagnostic fact that they do not use endoscopic exams in European countries.

The only way a horse is determined to be a bleeder is when it visibly bleeds through its nostrils.

Here in the United States, we're doing nuclear scintigraphy, nuclear ultrasounds and scans, and, obviously, we're also doing endoscopic exams, on horses, after they breeze, as well as after they race.

And, it just does not make any sense to have a horse go into a crisis mode, and not be able to detect the onset of such a crisis.

So, we just look at this as being very, very wrong-headed.

Another thing I would just like to dispel, and I was discussing this earlier today with some people that are on the panel, was that: We're conducting more drug testing on thoroughbred, and I should say, for that matter, on horses, than we are in any other professional sport in the United States.

Half of our race card at Belmont Park this afternoon, is going to be sent to the test barn, where they are going to, basically, take blood and urine samples from the horses that race in those races, and ship them off to Morrisville College -- work that had previously been done at Cornell University -- a renowned equine toxicology-and-testing laboratory.

And, basically, there is no other sport -- I mean, guys could watch Tony Romo throw a football and get ribs broken. And, he'll come back and play the second half. And, for sure, he received a shot of lidocaine in his ribs, during half time, and

comes back to appear;

Or, a tennis player will take anti-inflammatory drugs while playing.

This is absolutely prohibited in thoroughbred racing.

The only medication that we allow to be used on race day, under very regulated circumstances, is Lasix.

It's given four hours before the race. It's given by a veterinarian who works for the Association; has absolutely no other job to do but to administer Lasix to the horses in that afternoon's race card.

The point that I'm trying to make, is, it's also disclosed to the public. I mean, this is a very, very efficacious, good drug that, basically, helps horses.

That's all that we're interested in maintaining.

And, on that note, I'll say, that, since Lasix is the only permitted race-day medication, it's the humane thing to do, to administer this drug to these horses.

Horses bleed, and Lasix works. And that's just the plain facts.

SENATOR BONACIC: Thank you, Mr. Gallagher.

Any questions?

We have no further questions.

Thank you very much for appearing today.

JAMES GALLAGHER: Thank you.

SENATOR BONACIC: Our next speaker is, Mr. Charles Hayward.

I understand that he is not in the building.

Mr. Crawl (ph.), I see that you're standing.

Would you like to come up and speak?

MR. CRAWL (ph.): First of all, I'd like to deliver apologies for Mr. Hayward.

The board meeting is out, and he is on his way here, but, I don't think that he's going to make it, based on traffic.

SENATOR BONACIC: Okay.

MR. CRAWL (ph.): So, it's up to you. I mean, we will submit testimony, and you can conclude the hearing. Or, if you would like, I could make a few remarks.

It's up to the --

SENATOR BONACIC: I thank you for that courtesy.

But, what we're going to do is, keep the

hearing open until Monday, October 10, at 5 p.m.

I would suggest, that, have Mr. Hayward submit written remarks, and, we'll look to adjourn this hearing.

MR. CRAWL (ph.): Thank you, Senator.

Again, we apologize.

SENATOR BONACIC: First of all, I would like to acknowledge, even though we didn't have all testimony today, we've received written testimony from the following individual: Cheryl Hecht, and the organization, Pederson-Krag Center.

I would like to thank my colleagues who attended today, and participated.

I would like to thank all of the panel members that came and spoke, to solicit the testimony.

It is now five minutes after two, on October 5, 2011, and, we now adjourn this Senate meeting.

Thank you all.

(Whereupon, at 2:05 p.m., the public hearing, held before the New York State Senate Standing Committee on Racing, Gaming & Wagering, concluded.)

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