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2/27/05

### **Economic Gamble --- Betting on a rebirth**

Sullivan County officials roll the dice that Indian casinos can revive their storied Catskills' communities

Amaris Elliott-Engel  
The Citizen

MONTICELLO -- Across the smooth, winter sheen of the Catskills' Kiamesha Lake, the 1,200-room Concord Resort Hotel stands white, ultra-modern -- making the claim it is still a destination.

But drive closer and the quadrangle of streets around the Concord is barren of activity, and nearby buildings are littered with graffiti. A string of barbed wire atop a chainlink fence protects the hotel itself from spray paint vandalism.

Clinton/Gore 1996 bumper stickers slapped on two nearby road signs leave the sense that one of the premiere destinations of the Catskills' hotel heyday has been shuttered up and left to rot.

The Concord -- which once held bragging rights for having the largest dance club in the world -- now only has broken windows, decrepit tennis courts and tall, gangly evergreens standing guard and blocking the view. The property deteriorated drastically over the last five years following its bankruptcy in 1998 and sale for \$10.25 million in 1999.

But the Concord -- along with four other sites in Sullivan County -- is being reimagined by casino developers as a casino/hotel/time share/shopping/golfing/entertainment resort.

The Concord could be the site for the Seneca-Cayugas of Oklahoma casino, one of the five casinos proposed for Sullivan County in legislation from Gov. George Pataki. The legislation would also settle five of the state's Indian land claims, including two in Cayuga County. Both the Seneca-Cayugas and the Cayuga Nation, which claim sovereign land-ownership rights in Cayuga and Seneca counties, have reached agreements with the governor's office.

In Cayuga County, the settlements have been pushed as a way to settle the land claims. In the Catskills, these projects are being touted as job magnets. For Sullivan County residents like Daniel Linares, who has been on disability since the Concord Hotel shut and he lost his job, the casinos are economic salvation.

"Casinos would bring more prospects to this corner ... there was a lot of life. I think opening three to four more casinos would bring more jobs," Linares said as he stood in Monticello's Last Stop Grocery store, a grungy Brooklyn-style bodega.

As Linares spoke, he looked out from the Last Stop's window at a mixture of shuttered buildings on that block of Broadway, the village of Monticello's main drag. The Gager's Diner, the Broadway Theater, Kaplan's Delicatessen Restaurant are among those which have closed down.

Casinos would "get some action going here," said Billy Holder, a caretaker of a hunting and fishing club, during a busy lunch hour at the boxcar Tilly's Diner. "At least if you got them, you could get some revenue in, you know what I mean? The more the merrier, five casinos, why not?"

Other patrons expressed more skepticism.

"I would like the idea of putting in one and seeing how it worked ... if you put five in, then what are we going to do?" said Ed Pajak, a carpenter from Forestburgh.

But no one denies the Sullivan County seat of Monticello is in need of revenue.

Monticello is an urban area in a rural setting, and 40 percent of the village residents live in poverty.

One of the casinos would be within the village of Monticello, and three of the others would be located in the larger town of Thompson.

Monticello is home to Sullivan County's only current gaming facility, a racino called Mighty M Gaming at Monticello Raceway, which consists of a long-standing harness racetrack and 1,743 slot machines that opened last June to the public. Mighty M is also operated by Empire Resorts Inc., which is partnered with the Seneca-Cayugas on the Concord project and is partnered with the Cayuga Nation to develop a \$500 million casino complex at the Mighty M.

Casinos have been touted as the tourism tool to restore Sullivan County's resort status, which it enjoyed up to the 1970s. That's when the Jewish families who perennially vacationed in Sullivan County's grand hotels and bungalows shifted to other vacation spots due to what Sullivan County historian John Conway calls the three As: airplanes, air conditioning, assimilation.

Since those tourists left, Sullivan County has slumped.

But now Indian-owned casinos might finally be arriving in Sullivan County after a decade of effort by casino developers.

"You have to be somewhat of an optimist," said Cliff Ehrlich, the senior vice president of Mighty M Gaming. "Most people think it's going to happen. The question is how soon. It's as close as it's ever been."

The Sullivan County Legislature gave conditional approval to Pataki's legislation earlier this month.

The Cayuga Nation project at the Mighty M would have 3,000 slot machines, 200 gaming tables, an 800-seat buffet, lounges, shopping areas and a nightclub.

The Seneca-Cayugas project at the Concord would include 3,000 slot machines and 200 tables. The currently rotting Concord would likely have to be demolished first, but Empire Resorts executives project the Cayuga's casino could be constructed in 18 months. Empire Resorts has an agreement to purchase the Concord, but the sale won't go through until the requisite state and federal legislative approvals are given.

Final clearance for the projects is still a long way off, Sullivan County attorney Sam Yasgur said. Even if Congress and the state give its approval, court cases involving Indian sovereignty and casino issues remain unresolved, said Yasgur, a colorful former New York City prosecutor who just returned to the area. Yasgur's father owned the farm which hosted Woodstock and Yasgur keeps a remote-controlled backhoe in his office.

The Sullivan County Legislature approved the five casinos by a 6-3 vote, which was split along geographic lines. Legislators representing the east, with its larger population centers, voted for the casinos, while legislators representing the more rural western half of the county voted against the governor's resolution.

But not all business owners believe casinos are the answer. Business owner Diedrick VanHaften said increased traffic to his Rock Hill scuba shop isn't enough to compensate for larger social costs.

"The state government put a gun to our heads: Five casinos or nothing. It's somewhat appalling to do that to a community." VanHaften said, doffing a ball cap topped with sunglasses as he sat in Tilly's Diner.

VanHaften also is worried about traffic that is already backed up during the summer when Sullivan County's population jumps from 75,000 year-round residents to 300,000 summer residents. Summer residents include Hassidic and Orthodox Jews spending the summer in the Catskills, the "snowbirds" returning from wintering in the south, and second-home owners from the greater New York area.

An anti-casino group formed last April, Casino-Free Sullivan County, which is also concerned about traffic levels.

"We have a number of people who have summer homes up here and they're not looking forward to finding bumper-to-bumper traffic backed up on the Thruway," said Rosa Lee, the treasurer for the group.

"I think public opinion has migrated over time. I think skepticism has increased and people are less enthralled," said Sullivan County Legislature Chairman Christopher Cunningham, an easygoing 42-year-old who represents towns in the west of the county. Cunningham is skeptical of casinos and voted against Gov. Pataki's measure because he felt the county was giving away its negotiating strength.

Cunningham also wants to make sure his county mitigates the negative impacts of casino development with an overarching study of the environmental impact of the five casinos, a seat on the state Racing and Wagering Board, state aid for traffic improvements and an expanded school system that is almost at full capacity.

Todd Alhart, a Pataki spokesman, said that each casino will complete an environmental impact study to comply with state law and that the \$50 million fund dedicated for use toward environmental impacts could also be used to mitigate traffic problems.

Concerns about the social costs to people vulnerable to gambling addiction have also been raised by county leaders.

Veronica Uss, the executive director of the Monticello-based Council on Alcoholism and Drug Abuse of Sullivan County, said adolescents are the most vulnerable to the addiction.

"Adolescents are extremely vulnerable where they are in their maturation process. If we are going to be raising children where gambling is the norm ... if we are raising children in that environment, we're increasing their odds of entering gambling very early on in life," Uss said. Uss also said senior citizens, typically on fixed incomes, are a vulnerable.

Empire Resorts' vice president of communications Charles Degliomini dismissed such protesters as "modern-day prohibitionists. We don't ban alcohol consumption either. We believe in very small government protections."

County legislator Ron Hyatt, who approved the casinos and represents a part of the town of Thompson, says there are ways to make sure that allowing casinos doesn't leave Sullivan "subsidizing" problem gamblers going bankrupt and in need of social services. Hyatt, a lawyer in his 50s, wants to exclude casino patrons under the age of 21 as well as problem gamblers.

Hyatt believes there is technology available to track problem and underage gamblers

and underage gamblers. Large casinos use slot cards to track patrons' winnings, as well as their personal information.

"It's approaching Big Brother status if they can be that sophisticated, which they are. Then I believe them when they tell me they can exclude anybody," Hyatt said.

Unionized construction workers and business owners slated to benefit from the industry also are rooting for the casinos.

"With more casinos, we could do wholesale for them," said Dominick Daniels, co-owner of Cohen's Bakery located on Monticello's Broadway in a renovated hardware store. Cohen's already wholesales for the Mighty M racetrack.

Jim Barnicle, the Monticello village mayor and owner of an antique gift shop situated on Broadway, said that casinos are only part of the revival that has been happening in recent years in Sullivan County. Big box stores, a booming second-home real estate market following Sept. 11 and a project to develop a performing arts center at the Woodstock concert site are all positive developments.

"Put those with casinos," he said. "It's part of the whole to becoming a resort destination."

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#### Breakout: Casino Market 2002 Annual Revenues

Las Vegas -- Strip \$4.7 billion  
Atlantic City, NJ \$4.4 billion  
Chicagoland (IL, IN) \$2.3 billion  
Connecticut (Indian) \$2.0 billion  
Detroit \$1.1 billion  
Tunica, MS \$1.1 billion  
Reno/Sparks, NV \$916.8 million  
Biloxi, MS \$878.8 million  
Southeast Indiana \$841.7 million  
Shreveport, LA \$823.5 million  
Source: American Gaming Association

*CLIP 8- Sidebar 1----*

2/27/05

**Economic Gamble --- Sullivan County became second home to NYC Jews**

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Sullivan County's tourism legacy hails back the 1880s.

Prior to the tourism industry's arrival, the area thrived following the construction of the D&H Canal in 1828 that brought Pennsylvania coal to the Hudson River.

There were timber industries, bluestone quarrying and leather tanning, thanks to tannic acid from the county's hemlock trees. The leather industry blossomed during the Civil War with a high demand for leather boots, holsters and saddlebags.

But following the war, tourism became the county's economic engine.

Between the 1880s and 1915, New York City tourists came by train to the area, staying in grand Victorian-era hotels.

The tourism industry died down by 1915, when the Catskills' fresh air and hemlock trees began drawing a different kind of visitor -- tuberculosis patients visiting sanitariums. The first Jewish tourists came to Sullivan County to get treatment for such illnesses thanks to the poor sanitation standards in new York City.

"New York City was an unbearable place to live at the time," said Sullivan County historian John Conway.

By the 1920s, there were numerous resorts and bungalow colonies in the region.

The Jewish tourists were "tied together ... because there was a lot of anti-Semitism. A lot of hotels wouldn't let them in or if they would let them in, they couldn't eat kosher," said Phil Brown, a sociology professor at Brown University and president of the Catskills Institute, which promotes research on Jewish life in the Catskills.

In the 1930s, Conway said, Catskills hotels in Sullivan County were overrun by Jewish gangsters, who were eventually pushed out by aggressive prosecution.

With kosher food stores and synagogues already in place and organized crime driven out, the "golden age" of the area's tourism industry hit stride by 1940.

By 1953, there were 538 hotels, 50,000 bungalows and 1,000 boarding houses, Conway said.

"You could just drive endless miles and go from bungalow to bungalow," Brown said.

Neighborhoods from New York City would vacation together at the same spot in the Catskills.

To entertain families staying for long stretches at a time, many hotels had indoor and outdoor swimming pools by the 1940s. Hotels offered lectures, bands, golf courses and comics. Guests played cards and organized ballgames, attended movie nights, champagne nights, held dance contests, exhibitions and amateur talent shows, Brown said. There was a basketball league of college players who were bellhops and waiters by day and played games by night. And the Monticello trotter horse track opened in 1957.

By 1965, the golden era of Jewish tourism was over as families became less religious and more nuclear, with the advent of commercial flights to vacation destinations worldwide and the spread of air conditioning that made staying put in the city bearable.

With fewer and fewer guests, hotel business dried up over the decades, and the buildings were "just hanging on spit and polish," Brown said.

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*CLIP 8- Sidebar 2----*  
2/27/05

### **Economic Gamble --- Casino cluster will tap into NYC gambling dollars**

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In a 1985 visit to Tunica County, Miss., Jesse Jackson described the country's then-poorest county as "America's Ethiopia."

A squalid slum known as "Sugar Ditch" had an open sewer running through the middle of the community and was home to many of the impoverished farmhands who worked the flat cotton and soybean fields stretching for miles.

But the fortunes of this Mississippi Delta county -- about 25 miles south of Memphis, Tenn. -- shifted with the arrival of a cluster of casinos. The first casino opened in Tunica in 1992, and now Tunica County is the third-largest casino hot spot behind Las Vegas and Atlantic City.

A cluster of five Indian-run casinos -- and what New York Gov. George Pataki projects will be 48,500 jobs -- is being pitched by Gov. George Pataki for Sullivan County.

"If you grow up in Tunica County, you can actually have a job and career in Tunica County. That was not the case prior to the casinos," said Jeff Wallace, a senior research associate at the University of Memphis's Sparks Bureau of Business and Economic Research. Wallace did his doctoral dissertation on Tunica County.

The nine large-scale floating casinos on Tunica's Mississippi River levee are an economic powerhouse for the county, providing significant tax money for Tunica to improve its abysmal school districts and public infrastructure. But therein lies the difference: Tunica's casinos are privately owned, are legally permitted on the state's waterways, and are not located on sovereign land.

But the five proposed in Sullivan County would be built near one another.

"I'd say the experience of those kinds of casinos clustered out in a rural area tend to be successful," said Clyde Barrow, director of the Center for Policy Analysis at the University of Massachusetts at Dartmouth. "They don't tend to be terribly large in their size. Their advantage is if leveraged with other tourism packages."

The proposed Catskills' gaming centers may be able to siphon off some of New York City's gamblers from the Mohegan Sun in Connecticut and the Foxwoods Casino in Rhode Island. Between 10 and 20 percent of these two casinos' guests come from New York City; the two Indian-owned casinos make \$2.8 billion a year.

Research shows that casino-goers will travel to the closest gaming facility, provided they are full-scale facilities with dining, gaming and entertainment venues, Barrow said.

And don't forget the Catskill Mountains.

"You still have a naturally beautiful area," said Cliff Ehrlich, senior vice president for Mighty M Gaming at Monticello Raceway, which is partnering with the Cayuga Nation of New York and the Seneca-Cayugas of Oklahoma to develop casinos in the town of Thompson. "To bring back tourists, we've got to have a place for people to stay."

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