

Dice still rolling on casino development

Catskills residents have given up on dream of cash, but plans persist

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MONTICELLO -- One site is a former junkyard about 90 miles from New York City. Another is a nearby harness track. A third is a lakeside sports complex linked to a once great resort.

Those and other choice pieces of real estate acquired in the Catskills by Indian tribes and their development partners form the footprints for billions of dollars in grand visions.

Yet, to many local residents, they appear to be as far away from becoming the giant destination casinos now as they were three years ago when Gov. George Pataki legalized up to three tribal gambling emporiums in Sullivan or Ulster counties.

In interviews in this depressed city, many people say they're tired of hearing about thousands of jobs and billions of dollars in investments. Hopes have been dashed so many times over decades as plans for commercial and tribal gambling projects never materialized.

Touted by the state Legislature and Pataki as job-creation projects in a decaying region and critical new revenue streams to balance the state budget, the casinos are still nothing more than colorful artist renderings.

"People have been hyped for years," said Gene Blabey, owner of a local radio station. "People are saying, 'Screw it.' "

A host of reasons are causing or contributing to the situation. Competition and feuds among tribes, lawsuits challenging gambling expansion and fierce lobbying are clear factors. Conspiracy theories abound.

But government approvals in Washington and Albany take time, developers and elected officials say. The big problem, they say, is Pataki's insistence in resolving land claims before giving tribes casino compacts. The governor's inability to reach settlements, they contend, could block casinos indefinitely.

Republicans and Democrats alike point to Pataki.

Since the governor signed legislation in October 2001 legalizing six tribal casinos and up to eight racetrack gambling halls with video lottery terminals, only two western New York casinos have been built by the Seneca Indian Nation and four VLT centers are operating upstate.

None of the big revenue drivers -- the massive Catskills casinos expected to draw heavily from New York City -- are developed. Nor are the two major downstate VLT properties -- at Aqueduct and Yonkers raceways -- expected to be built anytime soon, if ever.

Spurred by post-9/11 concerns about the economy and income tax revenue losses, the Legislature and Pataki approved the gambling expansion, envisioning hundreds of millions of dollars annually from casino revenue sharing. Industry analysts, noting the Catskills are a huge untapped gambling market, predicted beyond \$1 billion.

Yet the relatively small VLT parlors, including one at Monticello Raceway and one at Saratoga's harness track, are only producing in the millions for the state. New York also expects about \$30 million this year from the Seneca casinos at Niagara Falls and Salamanca.

Ira Cohen, the former Sullivan County attorney, says he doesn't believe Pataki is serious about granting gambling compacts in the Catskills. "There is a casino in Niagara County, so it's clear he can do it when he wants to," he said. "He doesn't want to do one here."

Sen. John Bonacic, R-Mont Hope, who represents the Monticello area, says frustration has engulfed the region. But he believes a casino project involving the St. Regis Mohawks and Caesars Entertainment at Kutcher's Resort sports academy in Monticello is going to happen before too long. "As to why we don't have others close to the finish line, I ask you to ask the governor," he said.

Pataki says the long process is necessary to tie up a lot of unresolved issues, including nonpayment of tribal sales taxes and land claims.

"The governor is anxious to see plans move forward for casinos in the Catskills, which will provide a tremendous boost to the region's economy and our efforts to create new jobs and stimulate new investment," said Todd Alhart, a Pataki spokesman. But, he added, the governor must "continue our efforts to resolve the existing land claim issues."

Pataki and the Mohawks have been working on a settlement to the tribe's 10,000-acre claim to land along the Canadian border in Franklin County. A new, tentative deal is in hand and the tribe intends to conduct a referendum on the proposal, tribal officials say. Yet, the state's requirement that the tribe waive rights to future suits in a wider aboriginal land claim isn't going over well with traditional Mohawks.

"It's difficult to keep support and momentum," said Mohawk Chief James Ransom. "We can see the light at the end of the tunnel. It could be a light from another train coming at us."

Both Ransom and Stockbridge-Munsee Band of Mohicans Chief Robert Chicks say their tribal projects should clear hurdles with the Bureau of Indian Affairs in the next few months. The key will be what Pataki does, they say.

"To me, there are no more issues. We've resolved them all," said Chicks, whose tribe is willing to settle its land claim in central New York in return for a gaming compact. "It really is up to the governor."

The Mohawks, working with casino giant Caesars, and the Wisconsin-based Stockbridge-Munsee, working with Trading Cove Associates, the developers of Connecticut's Mohegan Sun, appear to offer the most mature projects.

Other tribes, including the Cayuga Nation of New York and their cousins, the Seneca-Cayuga Tribe of Oklahoma, entered into agreements with Empire Resorts, operators of Monticello Raceway, another prospective casino site. But bad blood between the two Cayuga tribes appears to have derailed plans.

Meanwhile, the Oneida of New York and the Oneida of Wisconsin, who also dislike each other, are eyeing the Catskills, too.

Many county business and elected leaders and some tribal officials are convinced the New York Oneida, who run Turning Stone Casino in Verona, have successfully thrown monkey wrenches into all the plans for casinos in the Catskills to protect their exclusive gambling franchise in central New York.

The New York Oneida, with a major lobbying team in Albany, have their own problems. State courts have ruled gaming compacts need to be ratified by the Legislature and the Oneidas' never was.

New York Oneida leader Ray Halbritter has vowed a fight to keep out-of-state tribes out of New York and particularly dislikes the notion of the Wisconsin Oneida and the Stockbridge-Munsee returning and re-establishing governments here.

The dynamics may be working in Pataki's favor. Out-of-state tribes have shown great eagerness to trade their land claims or rights to judgments for gaming compacts. For instance, the Seneca-Cayuga have said they would pay the state more than the \$247.9 million judgment against the state from the Cayuga land claim for the right to build in the Catskills.

"It revolves around the governor's desire to deal with all the issues at a time the Indian nations appear to be vulnerable because of their desire for casinos," said Rob Odawi Porter, a member of the Seneca tribe and a Syracuse University law professor. As he attended the Third Annual Catskills Casino Conference last week, Porter noted that despite the obstacles, casinos are inevitable. "There's too much money to be made."

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