

Off to the Tracks for the Money Race

In the competition for New York's horse racing franchise, bidders have spent over \$2.2 million on lobbying and campaign contributions made from various names, addresses, and LLCs between January 2006 and January 2007.

Some businessmen have big ideas for New York's major thoroughbred racing tracks, and they won't stop running—or spending—until their business plans are realized. The four bidders for the Belmont Park, Aqueduct and Saratoga Racetracks franchise have already spent more than \$2.2 million in just one year on lobbying and campaign contributions in their quest for control of the tracks, seeking the influence that money too often has in Albany.

The lucrative operating rights of the state's three major racetracks is up for grabs after a 52-year tenure by New York Racing Association. After years of corruption during its stay as operator of the race tracks, NYRA's contract will expire on December 31, 2007. The organization is now competing with three other groups to win control over the tracks for as long as twenty years.

Each of the competing business groups—Capital Play, Inc., Empire Racing Associates, LLC, Excelsior Racing Associates, LLC, and NYRA—is comprised of powerful individuals and corporations, for whom the benefits of holding the franchise far outweigh the costs of attaining it. Aside from the official competition, which includes proposal presentations and an integrity review, each group and its members engage in lobbying activity and make significant campaign contributions to politicians.

Belmont, Aqueduct, and Saratoga were once major institutions of thoroughbred

Corruption at NYRA

According to an audit released by former Comptroller Alan G. Hevesi in June 2005, between 2002 and 2004, the New York Racing Association spent extravagant amounts of money on unnecessary items and favors, such as \$42,672 for country club memberships for its president and CFO; kept inadequate documentation for various expenses, including \$953,000 worth of entertainment and travel costs; and violated state law and company policy when purchasing goods and services. This audit came two years after a June 2003 report released by then-Attorney General Eliot Spitzer accusing NYRA of years of corruption and misconduct. Although the company initially denied such claims, in December 2003 NYRA entered into a deferred prosecution agreement after being federally indicted on charges of fraud. This meant that NYRA would pay \$3 million, permit a federal monitor to keep watch over its operations, and implement anti-corruption reforms in order to avoid prosecution. NYRA's integrity has improved under a reconstituted board

horse racing and tourism in New York, but, in recent years, attendance has dropped and facilities have deteriorated. NYRA, a nonprofit business, has been their principle operator since 1955, but has come under fire in recent years as its integrity has been questioned. NYRA filed for bankruptcy under Chapter 11 on November 2, 2006 and is now fighting to retain the right to operate all three tracks.

Despite declining attendance, the three racetracks still receive \$2.7 billion in bets each year. Besides continuing with horse racing, each group wants to install video-lottery

As bidders fight for the racing franchise, their strategy includes making significant campaign contributions:
2006-2007
Excelsior: \$631,347
NYRA: \$131,771.28
Empire: \$263,217.24
Capital Play: \$1,850
And lobbying:
2006-2007
Empire: \$529,006
NYRA: \$480,782
Excelsior: \$104,430
Capital Play: \$65,093
Totaling...
\$1,179,311 on lobbying,
\$1,028,235.52 in contributions,
For a total of \$2,207,546.52

THE PLAYERS AND AFFILIATES: Their Contributions

Stephen M. Ross (Excelsior as of 8/7/07) gave politicians **\$157,966** between 2003 and 2007. Behind the mask of FOUR addresses and TEN companies, he gave \$50,000 to Andrew Cuomo and Eliot Spitzer, along with \$32,500 to State Republicans.

Related Apt. Preservation, LLC	\$13,000
Related Apt. Preservation	\$4,816
Related Apt. Preservation Inc.	\$2,000
Related Management Co. LP	\$2,500
Related Mgmt. Corp.	\$2,000
Related Retail Inc.	\$2,000
Related Retail L.P.	\$10,500
Related Retail Mgmt. Corp.	\$2,250
The Related Companies	\$2,000
The Related Companies LP	\$2,000

Richard Fields (Excelsior) gave politicians **\$209,579** under FIVE different LLCs and SIX different addresses. His biggest recipient? \$203,579 to Eliot Spitzer.

ES Aviation LLC	\$50,000
JLC Development, LLC	\$50,000
SG Management, LLC	\$50,000
Spring Gulch Partners, LLC	\$50,000
Coastal Aviation Development, LLC	\$2,579

Steven Roth (Excelsior) gave politicians **\$354,200** under THREE different LLCs and THREE different addresses. He gave \$200,000 to Eliot Spitzer, \$75,000 to Andrew Cuomo, and \$70,000 going to Senate Republicans.

Manassas Mall LLC	\$75,000
Oakdale Mall LLC	\$75,000
Vornado Realty LP	\$5,450

Stephen L. Green, who, as founder of SL Green Realty Corp., works with Empire board member and SL Green CEO Marc Holliday. He gave politicians **\$404,700**, including \$100,000 to Eliot Spitzer, \$194,400 to brother Mark Green, and \$66,100 to Andrew Cuomo.

TOP RECIPIENTS 2006-2007

Eliot Spitzer

Total: \$329,000

Excelsior	\$300,000
Empire	\$23,000
NYRA	\$6,000
Capital Play	\$0

Andrew Cuomo

Total: \$208,221.28

Capital Play	\$0
Excelsior	\$111,000
Empire	\$66,600
NYRA	\$30,621.28

terminals (VLTs) at some or all tracks, depending upon the legislature's approval. VLTs essentially function as digital slot machines and would increase traffic and profits at the racetracks. Money earned from VLTs would help fund education in the state, and could bring New York State as much as \$55 million in gross profit.

Although the Ad Hoc Committee on the Future of Racing, formed last year by Governor Pataki, recommended that Excelsior be given the franchise, Governor Spitzer announced in March that he would open up the playing field once again. Spitzer created a panel to evaluate the

candidates through an integrity review process. This included interviews and background checks (which the bidders had to pay for themselves, costing \$3 million collectively) as well as the submission of a business plan proposal for the three tracks, including improvements and how they would increase interest in thoroughbred racing.

But the bidders aren't stopping there in the race to the finish line. Altogether they've spent over **\$2.2 million** on lobbying and campaign contributions made from various names, addresses, and LLCs between 2006 and 2007.

As they continue to attempt to influence the state legislature—which will make the final decision—the outcome is still unknown. In July, Governor Spitzer announced that he would require the bidders to submit new proposals because of additions and departures within groups. There is also the possibility that the franchise will be split, with one group operating gaming and the other operating development and racing.

This fact sheet was created in July 2007 as part of a series called CONNECT THE DOTS, which aims to show how money in politics impacts issues New Yorkers care about. The information was amended in August 2007 as per new information regarding Stephen M. Ross' change in affiliation.

For more information about Common Cause/NY's CONNECT THE DOTS coalition, call 1-800-300-8707.