



PHOTO BY ROSE MATTREY

TOM GOLISANO VS. THE CASINO

Somebody had to stand up and say,

“THIS TRAIN SHOULD STOP HERE.”

› BY BRUCE JACKSON

Talk to any top Buffalo banker, developer or major educational or arts agency head and they'll tell you that the proposed Seneca casino in downtown Buffalo is a dog: It will cost the city more than the city will ever get from its share of the slot drop, it will cause huge social problems, it will stress the city's already overextended agencies and the jobs it provides will come at the cost of half again as many better paying jobs elsewhere in the community. It will drive many Buffalo businesses into oblivion and, rather than being a spur to development, as Seneca Gaming Corporation chair Barry Snyder and former Buffalo mayor Anthony Masiello insist, it will stifle development.

But if you listen for any of those investors and executives to say anything about this approaching disaster, all you hear are the sounds of silence. Ask why and they'll tell you, "The Senecas have money invested with us," or "We don't like to get involved publicly in anything," or "We get a large part of our funding from the state and we can't risk offending Albany."

All that changed Tuesday, when Tom Golisano, the billionaire CEO of Paychex and owner of the Buffalo Sabres, called a press conference to say he had decided that the proposed casino would be toxic for Buffalo and he was about to start working to stop it. "I'd like to see

“Golisano calls the slot machines that are the heart of the Niagara Falls and planned Buffalo Creek casinos “video crack.”

this train stop here in Buffalo and this casino not built," he said. "I don't think it's going to do this community any good and in the long term it's going to do it harm."

Golisano loathes the way New York State has gotten involved in the creation of gambling addicts with its pie-in-the-sky ads for the lottery and its licensing of gambling operations, some of which are prohibited by the state's constitution. He calls the slot machines that are the heart of the Niagara Falls and planned Buffalo Creek casinos "video crack."

Golisano has three things in short supply in Buffalo: a huge amount of money with which he can do anything he likes, a real passion for the community and guts. In addition, he's not beholden to anybody for anything, so he can't be manipulated by old financial or political debts.

Will other civic power brokers and leaders follow Golisano's lead and start saying publicly what they've been saying privately? Too soon to tell. But it's clear that the monolithic government support for the casino is cracking.

Only a few hours after Golisano's Tuesday press conference Buffalo Mayor Byron Brown, who thus far had refused to do anything about the casino other than parrot his predecessor's platitudes and mantras, issued a press release saying he had finally been moved to ask some basic questions about the whole enterprise (see sidebar).

The following day, County Executive Joel Giambra called a press conference in which he announced that Erie County was joining the Citizens for a Better Buffalo state and federal lawsuits seeking to force the casino developers to perform the required environmental impact studies. "I am concerned about the economic impact on our poorest citizens," Giambra said. "I am concerned about the message to our young people. Tom Golisano has warned that upstate New York is turning

into a region of gamblers. We need to be a region of entrepreneurs. The promise of easy money is a false promise."

The *Buffalo News* covered Golisano's press conference in a page-one, below-the-fold article by Matthew Spina Wednesday. The first part summarized Golisano's key points; the second part contradicted them with a long, unexamined statement by a gambling "expert" who said that "Money spent on entertainment for gambling is no different than money spent for entertainment at movies or sporting events." That is, in this case, clearly untrue, since the casino in question would be not only tax exempt but exempt from state environmental or worker protection laws. It is difficult to tell if the *News* published this nonsense because they think they must always present both sides of anything, however stupid or inappropriate the remarks of the person selected for the other side, or if they're shilling for the Senecas. In any case, the bottom part of Spina's article seemed designed to undercut Golisano's position.

In an exclusive interview with *Artvoice* Tuesday afternoon, Golisano discussed his reasons for his stand against with the casino. Here is a transcript of that conversation. Sabres managing partner Larry Quinn was with us for the conversation and joined in near the end.



Demolition has begun already on the property the Seneca Nation has acquired for the proposed Buffalo Creek Casino.

Bruce Jackson: *Tom, you've just come out in opposition to the Buffalo Creek casino. What prompted you to do this?*

Tom Golisano: There's a lot of reasons, Bruce. First of all I've been following this story of the State of New York encouraging gambling, the history of the New York State Lottery, and realizing that the average New York Stater, every man, woman and child, is spending almost \$300 a year on the New York State Lottery. I find that absolutely amazing. Obviously it's another form of taxation. I personally have never bought a lottery ticket, but it amazes me that so much money is being spent on this thing.

When these casinos started evolving, first Turning Stone and then Niagara Falls, I became very interested in the sovereign nation idea, and why a certain part of our population can have a monopoly on gambling that is closed out to everybody else. Of course, that's by state constitutional law. But the governor has decided to get around that law with these casino pacts.

And then I began to realize what a financial drain they are on our community. When I looked at the financial statements that were available at the Seneca Gaming Corporation for both Salamanca and Niagara Falls, I was absolutely amazed at the amount of money that they are pulling out of our communities and that people are spending at these casinos.

BJ: *You've said that it was the Senecas' 10-K that it made all this real to you.*

TG: The 10-K, first of all, is a financial report that must be filed with the Securities and Exchange Commission by either public corporations or corporations that go on the public market for borrowing, which the casino has. They borrowed \$500 million to pay off their initial funding debt and also to help finance the construction of the hotel.

A 10-K is available to anybody if you go to the Securities and Exchange Commission website and look under Seneca Gaming Corporation, which is the name

of this organization. It's available to anybody.

In there is financial information—there's overall information about the organization, its officers, its officers' compensation, its board of directors, its method of doing business, historical information, when it was founded and all that type of thing. It's a very comprehensive, approximately 140-page report. What I did was to take the time to go through it page by page and line by line and pick out information I thought would be interesting to the general public and certainly interesting to myself. Such as how much money they took in, how much money they made, how they distributed some of those profits, how much their officers get paid, et cetera. It's very enlightening. It's available to everybody like a public corporation, just like it's available for Paychex.

BJ: *I looked at it but I'm not a businessman. I'm sure a lot of things lit up for you that didn't for me. The one that lit up for me was about the focus of what their Buffalo operation would be.*

TG: There's no question that it was mentioned at least three times in the 10-K. They expect the marketplace for this casino in downtown Buffalo to be Buffalo and its suburbs. It didn't say anything about any other communities or any other parts of the state or states. It's definitely a downtown casino, definitely aimed at the downtown population within 20 miles from the center city.

BJ: *One thing I didn't understand while reading was about the lease payments.*

TG: You almost have to have a little bit of a trained eye to find that. When you look at their account of expenses, they have an area called "general and administrative expenses." It was a very large number. I believe it was around \$117 million. I became very suspicious of that number, thinking that sometimes in closely held organizations you can distribute profits to owners through an expense vehicle.

BYRON BROWN DISCOVERS THE SENECA'S' 10-K

If you want an indicator of the impact and significance of Tom Golisano's Tuesday afternoon press conference in which he announced his strong opposition to a casino in downtown Buffalo, you need look no further than the press release issued that evening by the office of Buffalo Mayor Byron Brown. Brown has, for the past two years, done everything a human being in public life could do to keep from taking a position on the casino issue. He has adopted the posture of someone just going along with an engine put in place by his predecessor, Anthony Masiello. He has, so far as anyone knows, done no investigation of his own about whether a downtown casino would be good or bad for Buffalo. He's just gone along and made no waves.

All that ended Tuesday afternoon when the 800-pound gorilla, Tom Golisano, the billionaire owner of the Buffalo Sabres, hence someone with a clear and legitimate interest in the financial and social health of the city, called a press conference in which he said that as far as he was concerned the Senecas' downtown casino was a disaster: The Senecas might make a lot of money with it, but Buffalo and environs could only be crippled by it.

A few hours after Tom Golisano said that a Buffalo casino was absurd in all regards, Buffalo Mayor Byron Brown said he had some questions about the utility of a Buffalo casino. The heretofore waffling Byron Brown issued a "Public Statement," all of it in quotation marks. People, even politicians, do not usually put out their own comments in quotation marks. It is as if Brown sees himself as an actor uttering someone else's lines, which may indeed be the case.

Here is Brown's statement in its entirety, with the quotation marks preserved:

"My Administration had been under the impression that the proposed Buffalo Creek Casino would bring in significant tourist dollars to the City of Buffalo.

"This served as the primary economic justification for a casino in Buffalo—that more tourist dollars will come to and stay here than will leave the host community.

"The Form 10-K that was filed by the Seneca Erie Gaming Corporation on December 29, 2005 with the Securities and Exchange Commission states that '...the Seneca Buffalo Casino is expected to cater primarily to the local market in Buffalo and its suburbs.'

"This is a very troubling development and raises the strong possibility that the Buffalo Creek Casino will have negative impacts on our local economy.

"This development speaks strongly against the City providing any support for the infrastructure improvements requested by the Seneca Nation around the Buffalo Creek Casino site."

Tom Golisano found the 10-K months ago. So did *Artvoice* and so did Citizens for Better Buffalo, the organization that mounted the anti-casino lawsuits in state and federal court. It is available to anyone who visits the Seneca Gaming Corporation website (<http://www.senecagamingcorporation.com/secFilings.html>).

It's good that because of Tom Golisano's public stand, Buffalo Mayor Byron Brown is now asking some of the questions he should have been asking before he went along with the casino project. Buffalonians should perhaps ask what he is going to do when he doesn't have Tom Golisano's research to tell him what he should have been looking at all along. And where has the city's large legal and planning team been sleeping during all of this?

—bruce jackson





JOEL GIAMBRA: "WE'RE GOING TO COURT"

On Wednesday morning, April 12, Erie County Executive Joel Giambra held a press conference to pronounce his own position on a downtown Buffalo casino. He also outlined the course of action he expected the county to take in opposition to such a casino.

Here is the text of his remarks:

Good morning. I want to welcome my fellow plaintiffs.

[Also] Scot Fisher from the Righteous Babe Foundation and the Preservation Coalition, Legislator Maria Whyte and Joseph Finnerty, who is the lead attorney for the plaintiffs.

I also want to recognize Bob Kresse, representing Citizens for a Better Buffalo, which has been helping to organize the opposition to the casino.

Ladies and gentlemen: We are going to court. We are going to court to fight on behalf of our citizens, our children, our businesses and for the rule of law.

I have instructed the Erie County attorney to prepare documents by which Erie County will become a plaintiff in two lawsuits.

Erie County will join both the federal and the state lawsuits.

The legal issue at stake is the lack of an environmental impact statement. We will contend that it is a violation of local, state and federal law for the City of Buffalo, the State of New York and the federal government to ignore established law. The law requires that they perform an environmental impact study—including an economic impact study—of a tax-exempt casino complex.

The crux of the matter is the economic health of this community.

Over the past six years, my administration has invested unprecedented work and taxpayer dollars in revitalizing the Buffalo area as a tourism destination and a hospitality venue. Cultural sites, amateur athletic events and venues, Pilot Field, Ralph Wilson Stadium, our Erie Canal Harbor, new public access to the Buffalo River and the bike paths of the Outer Harbor—add this to our support of downtown development. These are the very hallmarks of our administration.

But all our investment, and the investments of many more people in the private sector, are put at risk by a tax-exempt casino-restaurant-retail complex.

Tax-paying businesses will face an impossible disadvantage if this tax-exempt casino-restaurant-retail complex ever starts operation.

Stealing restaurant and retail business from existing businesses makes no sense. It's bad for business.

The federal lawsuit gets at the heart of this issue. It questions whether land in the middle of the City of Buffalo should ever have been made into tax-exempt Indian land and whether tax-exempt casino gaming should have been allowed on it. We objected in November to these events. That objection fell on deaf ears, so we have no recourse but to go to court.

But it's more than that.

I am concerned about the economic impact on our poorest citizens. I am concerned about the message to our young people. Tom Golisano has warned that upstate New York is turning into a region of gamblers. We need to be a region of entrepreneurs. The promise of easy money is a false promise.

As our attorneys finish our documents, we will make them available to the public.

Giambra's remarks came on the heels of Buffalo Mayor Byron Brown's press release on Tuesday night, which itself came on the heels of Tom Golisano's press conference on Tuesday afternoon. It's worth noting, however, that Giambra officials alerted the media that the county executive would be making some such statement as far back as Friday, April 7. Brown's statement came apparently out of the blue.

—geoff kelly

In this case the expense vehicle was the land lease. They were paying \$1.25 million a month to lease the land. Not the buildings, just the land, in each one of the locations. It is taxable income to the recipient—if they pay taxes, but they don't pay taxes. So it's a way of getting profits out of the organization into the hands of the owners without financial penalty. It a way to make themselves not look so profitable. I would assume, I don't know for sure, but I would assume there's also some other real things hidden in the general administrative expense beyond the land lease.

Why a government would become a sponsor of gambling is way beyond me. I don't understand it. It's not the type of thing I think government should be encouraging. They're obviously doing it in two ways—by the New York State Lottery and the proliferation of these casinos.

Then when I started digging into the financial statements of the Seneca Gaming Corporation, I got really interested and involved in this issue. The last fiscal year, for the Seneca Gaming with the two casinos, after some nonrecurring expenses, their net profit and distribution to the Nation was \$135 million. That is a tremendous amount of money. They've also had the capability of building a 600-unit hotel in Niagara Falls, and I know they have other land that's been made available to them and that they own in Niagara Falls.

And then you walk down the streets of Niagara Falls and you talk to the people of Niagara Falls and you ask them, "Well, this casino was meant to be a real great economic tool. How's it helping you?" They go, "It's not helping us. It's hurting us. The convenience of the restaurants and the retail establishments, particularly when they don't have to charge sales tax, gives them a direct competitive advantage that's hard to compete with."

So somebody had to stand up and say, "This train should stop here."

I don't see why this casino has to be built in downtown Buffalo. If the governor has made a pact, I think it would be reasonable for him to consider some other locations. But for us to have so many gambling establishments so close just amazes me, and I don't think it should happen.

BJ: *The way you talk about it, this makes no economic sense for Buffalo whatsoever. Buffalo is a city on the economic margins, and to have a lot of money go away without coming back into the cycle is lousy business. Do you have any idea why you are the only major businessperson to stand up and say, "This is wrong"?*

TG: I have an idea, Bruce. I'm not sure you're going to be happy with this, but the fact is that this is a pretty divisive issue. And businessmen have a tendency to stay away from divisive issues. Particularly if they have some sort of government involvement, either as a manufacturer or supplier of goods and services to government. Or something that's regulated by government.

But I feel very strongly about this issue and nobody's ever called me shy before when it comes to get out in front of some of these things.

I just think it's that important to the community. If this casino gets built in downtown Buffalo you're going to see at least \$100 to \$150 million going out

"I don't know why we don't have little signs atop of the slot machine that say, "The odds are 92 to 100. You're only going to win 92 cents to a dollar that you bet.""

of this community, out of the pockets of the people that live here, either going to New York State or to the Seneca Gaming Corporation, which I don't think will be investing much of it back here.

BJ: *You've talked to the mayor about this.*

TG: I had a brief meeting with the mayor.

BJ: *And you must have brought these concerns of yours to his attention. What did he say?*

TG: The meeting with the mayor was only 15 or 20 minutes. We talked about a number of issues. We didn't talk about this. He knew I was going to come out in public against the casino. I had the feeling that, especially after something I read in the last day or two, that maybe the mayor's not so sure that we should have a casino built in downtown Buffalo.

I had a five-minute conversation with the county executive and it sounds like he feels very strongly that it shouldn't be built. I think today, if there is anything we can accomplish, it is to let our government officials know that there are some people out here who care about this issue and don't see it as just a one-sided issue.

BJ: *As you know, there are lawsuits going forward. What you're doing now is something very different.*

TG: Yes. I've talked to the people about the litigation and told them that I might possibly help them if it was appropriate, but my approach is much different. My goal here is to enlighten the community as to the financial aspects of it and to some of the downsides involved with a casino from a gambling perspective.

I think people should know that for every dollar they put into a slot machine, they're going to lose eight cents of it. Barry Snyder, the head of the Seneca Gaming Corporation, told me right here in this chair that the take on slot machines is eight percent. If you sat in front of a slot machine for an hour you'd probably have about 300 cycles. You'd be betting \$300 in a dollar slot machine. You'd lose \$24. The law of averages is so against you.

The other thing that bugs me about that is, I don't know why we don't have little signs atop of the slot machine that say, "The odds are 92 to 100. You're only going to win 92 cents to a dollar that you bet." I think that would enlighten people.

We do those warnings on foods, on cigarettes, on alcohol. Why don't we do it on gambling? Some say it would negatively impact casino revenues. So? Is that bad, that people can have more disposable income to spend on education, their health care or furniture or clothing or food?

BJ: Have you talked to anyone at the Buffalo Niagara Partnership about this?

TG: No.

BJ: Do you talk to people at the Partnership?

TG: Not formally, I haven't. Obviously I see them on the street and talk to them in the Arena. But I've had no real discussions with them.

BJ: They weren't friendly to you.

TG: Initially they weren't. But that's okay. We're over that now.

BJ: What do you think your involvement is going to be from this point on?

TG: That's an interesting question. I'm not so sure I can answer it. I wanted to have this initial press conference. I wanted to see what sort of momentum it may create. I've been thinking about such projects as further educating the public on the odds of winning.

And some of the social issues—and there are a lot of social issues that come along with casinos. There's a lot reports that have been done on the issues around child abuse, bankruptcy, embezzlement. Not all the things you typically read in the newspaper that get counted, like burglaries. This is a different type of crime. Most of this stuff never gets reported. There's no question incidences of those types of things are going to go up. They traditionally have in a casino environment.

BJ: I used to live in Atlantic City and I know what has happened there, where local business has all but disappeared in the vicinity of the casinos.

TG: There are many other places around the country like that. Gary, Indiana. I think Niagara Falls is going in that direction.

BJ: What do you think is the likelihood of this being stopped? You're a very practical guy.

TG: You're asking me to put a percentage bet on it? No, I'm not going to do that. All I know is, I'm going to try to do it. If somebody wants to join in the fight with me, I'll be glad to have them. I'll watch the litigation very carefully, and if we don't stop it being built, at least maybe we'll have an impact on how big a drain it is on the community.

Maybe we can do that through public relations, through advertising, whether it be radio, TV, billboards, whatever. But definitely we need to educate our public because we're getting sucked in on this.

BJ: The public had no voice on it. This was delivered. And the business community had no voice in it, so far as I can tell. It was a fait accompli. Do you know that several years ago the Peace Bridge expansion plan was stopped in large part by the kind of things you're talking about doing now, by making people aware of something that was in process? So this has worked in Buffalo before.

UB Department of Music presents

WORLD-RENOWNED VIOLINIST

MIDORI

ALL-CONTEMPORARY PROGRAM
with Robert McDonald, piano

Wednesday, April 19th • 8pm
7pm pre-concert talk with Midori

LIPPES CONCERT HALL IN SLEE HALL

Tickets/information:
(716) 645-2921 or www.slee.buffalo.edu



COMING SOON:

TOKYO STRING QUARTET

SLEE/BEETHOVEN STRING
QUARTET CYCLE

Concert 5

Friday, April 21st • 8pm
7:15 pre-concert talk

Concert 6

Sunday, April 23rd • 7:30pm
6:45 pre-concert talk

 University of Buffalo The State University of New York



4.21.06
@ 5 pm

UB undergrad students free
at the door with valid ID

General Public \$30
tickets available at
tickets.com

hurry, tickets are limited!

OUR LADY PEACE **Live**





ROBERT RANDOLPH & the family band **Battle of the Bands Winner**

www.sa.buffalo.edu 

NOTICE IS HEREBY GIVEN

that a license number pending for restaurant beer & wine has been applied for by

ODED RAUVENPOOR LLC DBA FALAFEL BAR

to sell beer & wine at retail in a restaurant under the Alcoholic Beverage Control Law at 1009 Elmwood Avenue, Buffalo, NY, Erie County for on premise consumption.

Don't drink and drive.



At Caffé Aroma, you can savor your coffee, in a relaxing atmosphere. While you're reading the paper or logging on to our free wireless Internet service, we're preparing fresh pastries and unique lunch items. Experience Caffé Aroma, Western New York's original Italian Coffee Bar. It's not about drive-thru windows and quick caffeine fixes — it's about you.

957 Elmwood Ave., Buffalo 884 4522
(corner of Elmwood & Bidwell Pkwy)
5229 Main St., Williamsville 631 2687
(between Forest & Union)



vado pazzo

contemporary italian cuisine



it will be
our pleasure
to serve you

eastersunday brunch

april 16th

11am-3pm

complimentary mimosas

RESERVATIONS RECOMMENDED

3112 main street
buffalo new york
716.204.3512
closed mondays

TG: This is still America and this is still the center of public opinion, and public opinion carries some clout here. Everything that we've heard mainly from government officials has been pro-casino. There's another side to this coin and I want to bring it out. Your newspaper has been helpful in bringing out that other side.

BJ: *You're the first person in the world of business to take a stand on this, though so many have said to me, "Bruce, this is a real stinker. I know it's really going to hurt us. I just can't afford to go public with it." Is there anyone in the community with whom you've been talking about this who has said, "I'll join you. I'll help you. I want to get involved in this?"*

TG: I know there are some people that agree with me. Whether or not they're ready to go public with it, I'm not sure. Now that I've made the plunge, maybe they will surface.

BJ: *It will be interesting to see what happens. You said before that you didn't care what the effect of this was on the Sabres.*

TG: It's too important an issue. Surely the Sabres are an important part of this community, but if we sell 300 fewer tickets or more tickets, that's not going to be the end of the world for us. So I don't think it's going to have any impact whatsoever.

Larry Quinn: Look at what Pataki's plan is. What would you do if somebody gave you a blank slate and said, "What would you do in Buffalo to help it?" "What I would do is take \$400 million out of the local economy and give it to another country." If you would say that was your plan, people would laugh at you. But when you strip it all away, that's actually what they've done.

Another thing people aren't talking about here. I had this experience last fall. I drove from Chicago to South Bend. There are some incredible things going on along the lakefront. As you drive down I-90 the first thing you start seeing is advertising for the casinos in Gary, Indiana.

When a community agrees to the casino, it's almost like they took out a national ad that said, "I give up. We have no life here. We have no future. We don't know what to do so we're whores and we'll do anything we can to put some money in our pocket or our government's." And when you think about the communities that do it—Gary, Indiana—

TG: Or Biloxi, Mississippi.

LQ: East St. Louis.

TG: Are you old enough to remember the numbers game?

BJ: Yes, I am.

TG: The lottery was supposed to replace the numbers game. Half of one percent of the people knew about the numbers game and look at what we've done with the lottery.

LQ: The issue is not the Senecas. They're doing, as Tom has said, what 95 percent of the world would do.

TG: A lot of people would probably do it. That doesn't mean we should allow them to do it. There's no real value to this community and it's a much larger negative.

Always after an interview you think of things you should have said but didn't think of or didn't get an opportunity to, or didn't say quite the way you wanted to. The day after our conversation I received an email from Larry Quinn:

I would stress one thing that I mentioned yesterday...the irretrievable damage to the area's reputation.

There is a rogue's gallery of cities that includes Gary, Atlantic City, Biloxi, Detroit and East St. Louis that one automatically joins when this type of casino is built. We as a community should fight like hell to avoid membership in this club. It is like erecting a large national billboard saying, "We are Losers."

[Renowned Buffalo lawyer] Al Mugel used to explain the difference between wealth and poverty as not being simply an issue of cash. He apparently had clients who collected art their entire lives. They collected well and into their 80s, owned works worth \$20 million that they hung in their living room, bedroom, etc., for their own satisfaction. These people did not have much cash and in fact struggled a bit to pay their bills on Social Security and their limited pension. But they were not impoverished. They were in fact millionaires.

Buffalo is not cash rich but it is wealthy. We have incredible geography, a wealth of educational institutions, sports franchises, international art galleries and by and large a very educated population.

A thing like a casino, especially on our waterfront, can erode the value of the underlying assets and make us truly poor. Not because of the cash it drains from the community, as devastating as that can be, but because of the damage it does to our sense of self-esteem and our sense of self-worth or wealth as a community.

We cannot burn the artwork to heat the house.

...Help people see the value of their own created wealth and convince them not to give it away so cheaply. It will be infectious. To me that is the most important thing you can do as an individual.

I wrote back and said, "I have a question I forgot to ask yesterday: The *Buffalo News* and Byron Brown keep referring to this as a 'done deal.' Is it?"

"Who knows?" Quinn replied. "Keep fighting."

Bruce Jackson is SUNY Distinguished Professor at UB and vice president of Citizens for Better Buffalo, an organization dedicated to making the process of considering a Buffalo casino open, honest and legal. For more information, visit <http://betterbuffalo.com>.

To respond to this article send an e-mail to editorial@artvoice.com or write 810 Main St. Buffalo, NY 14202. av