

SUFFOLK OTB'S BIG

Though bankrupt since 2011, agency gives 44 employees \$511G in raises

BY DAVID M. SCHWARTZ
david.schwartz@newsday.com

Suffolk Regional Off-Track Betting Corp., in bankruptcy since 2011, gave \$511,506 in raises to nonunion employees this year, including pay hikes of about 30 percent to each of its top two employees, records show.

The agency is flush with revenues from its new video lottery casino in Islandia but still owes creditors \$13 million, according to OTB officials.

OTB president Phil Nolan's \$45,500 raise brought his salary to \$197,500, while vice president Anthony Pancella III's salary increased by \$45,000, to \$187,500, according to documents obtained by Newsday under the Freedom of Information Law.

In total, 44 of the betting agency's 51 nonunion employees received raises in May ranging from 2.75 percent to 55 percent. The raises boosted the average compensation for those who got raises from \$66,759 to \$78,384, the county records show.

Nolan said employees exempt from Civil Service rules hadn't had raises in at least six years, and in some cases in as many as 10. He noted the employees must pay a portion of their health care costs and have had more work since Jake's 58 casino opened in February 2017.

"It's more than fair they be awarded just compensation for the work that they do," said Nolan, a former Democratic Islip Town supervisor.

Some Suffolk County lawmakers questioned the pay hikes.

Legis. Robert Calarco (D-Patchogue), deputy presiding officer, said until OTB pays off its debt, "I'd caution them to be mindful of how they are spending the dollars they do have coming in."

Nolan and Pancella, the Babylon Republican chairman and vice chairman of the Suffolk County Republican Party, run the day-to-day operations at OTB. Suffolk political parties share patronage at the organization under an informal power-sharing agreement, leaders said.

DATABASE

See salary info for employees of Suffolk OTB
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Some lawmakers called the raises excessive at a time when OTB is still in bankruptcy, and for a public benefit corporation whose profits are supposed to go to offset county taxes.

Assemb. Michael Fitzpatrick (R-St. James), called OTB a "patronage mill . . . for an organization that is as deeply in debt as it is, maybe they should be out of bankruptcy before raising their pay." Fitzpatrick noted that the higher pay will boost employees' pensions when they retire.

At Nassau Regional Off-Track Betting Corp., with 15 nonunion employees, president Joseph Cairo has not given raises since he took over in 2010, although three employees received pay increases for promotions or taking on additional duties since then, spokesman David Chauvin said. Payroll records show none of the exempt employees got raises between 2017 and 2018.

Cairo, also the Nassau Republican chairman, has earned \$198,000 a year since 2010. The second-highest paid employee is Arthur Walsh, general counsel and secretary to the board, who makes \$155,000 a year, Chauvin said.

Sinking popularity

OTBs were established to pass along profits from horse betting operations to local governments and cut down on illegal wagering. But as racing's popularity has waned, OTB finances have suffered.

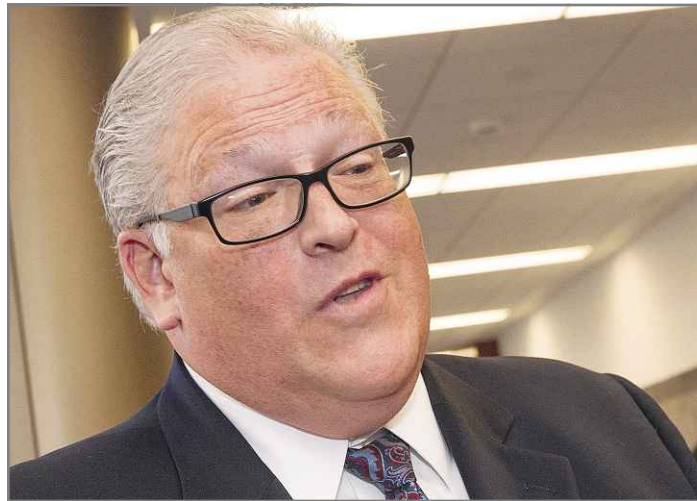
New York City's OTB shuttered in 2010. Suffolk OTB hasn't turned a profit from horse race betting since 2006, and Nassau OTB hasn't been profitable since 2008.

Suffolk OTB filed for bank-



Suffolk OTB president Phil Nolan got a raise of \$45,500.

JAMES CARBONE



Vice president Anthony Pancella III got a \$45,000 per year hike.

RANDEE DADDONA



Suffolk OTB has seen revenue

ees at the casino.

"I'm very proud of what we accomplished — the jobs we saved, the jobs we created," said Pancella. "And I'm thankful to the board of directors for recognizing that."

Eddie Wynn, chairman of the Suffolk OTB board and a Babylon Democrat, credited Nolan and Pancella for saving OTB.

"We felt the increase was really nominal compared to what they'd done," Wynn said of their raises. "It is money well earned, believe me."

Suffolk OTB has seen better-than-expected revenue from Jake's 58, which is operated by Delaware North, a privately held company based in Buffalo that manages venues, including casinos, worldwide.

Year-to-date casino profits, before debt service, were \$8.8 million through March, about 30 percent more than pro-

ruptcy protection in 2011, with \$17 million in debt. Nassau OTB has \$8.8 million in debt, but has avoided bankruptcy.

Under state legislation passed in 2013, the Nassau and Suffolk OTBs were allowed to open casinos with video lottery terminals, which are similar to slot machines.

Suffolk OTB is operating its full complement of 1,000 machines at Jake's 58. Nassau OTB has 505 dedicated VLTs at Resorts World Casino at Aqueduct Racetrack, which is operated by Genting New York LLC. Genting says it expects all 1,000 Nassau machines to be operating by spring 2019.

The three-member Suffolk OTB board, who are appointed by the county legislature,

awarded the raises to Nolan and Pancella at the May board meeting, while Nolan and Pancella approved the raises for the other exempt employees.

Pancella said the raises do not need approval of the bankruptcy court.

Nolan said he did not seek a raise, but appreciated the board's recognition for successfully opening the first video lottery terminal casino on Long Island.

"I'm very proud of what Tony and I have done here. This is nothing short of a real struggle and a battle. Not only did we survive, we're prospering," Nolan said.

Pancella noted that the opening of Jake's 58 preserved 250 OTB jobs and allowed the hiring of another 180 OTB employ-

PAYOUTS



exceed expectations at Jake's 58 Hotel & Casino in Islandia since it opened in February 2017.

jected, according to minutes from OTB board meetings.

Under the bankruptcy agreement, Suffolk County received monthly payments from the casino totaling \$2 million from August 2017 through February, and expects to receive \$300,000 a month for the next 10 months. The casino then is scheduled to pay Suffolk County \$1 million a year for years three to 10.

Some debt paid off

Nolan said the \$17 million owed to creditors has been paid down to \$13 million, although Suffolk OTB also took on about \$40 million in debt to convert the former Islandia Marriott Long Island into Jake's 58.

Suffolk political party leaders, while acknowledging OTB is staffed with political hires, said the raises for the management employees were de-

served after years of going without.

"They've worked very hard to get where it is now with the casino," said Suffolk Democratic chairman Rich Schaffer. "I wish it could have been more, to recognize them for all the tough times they've been through, and how they've been able to turn everything around."

GOP county chairman John Jay LaValle said of the raises: "They may appear to be extraordinary, but many of these individuals have waited almost a decade to receive them."

But Legis. Robert Trotta (R-Fort Salonga) said, "Only in Suffolk County can OTB officials drive an organization into bankruptcy, then sell the public on dumping their hard-earned money into slot machines as a bailout, only to have officials cash in with huge raises."

The county legislature passed a bill in December that earmarks a portion of Suffolk's share of casino profits to provide public funding for candidates for county legislature and county executive.

Suffolk OTB also is fighting a lawsuit filed by casino opponents that seeks to shut down the operation, arguing it was approved illegally by the Village of Islandia.

A state Supreme Court justice ruled in September that village officials erred last year when they granted a permit for Suffolk OTB's casino at Jake's 58 hotel. The Islandia Village Board changed the village code to allow gambling facilities in hotels in November. The case has been moved to federal bankruptcy court in Brooklyn, according to Paul Sabatino, attorney for the plaintiffs.

With Scott Eidler

Lawyer explains why teen in crash was behind wheel

BY CHAU LAM

chau.lam@newsday.com

The 15-year-old driver in a crash that killed three teens got behind the wheel because the designated driver "was high or drunk," her attorney told a Family Court judge in Westbury on Monday.

Cindy Sanchez, a ninth-grader at Uniondale High School, did not speak publicly during her brief arraignment on manslaughter and other charges before Judge Ellen Greenberg. Sanchez opposed the charges through her attorney, James E. Toner of Mineola.

Toner told Greenberg his client has little driving experience and lost control of the vehicle in the Friday crash. "This is a tragedy, your honor," Toner said. Julia D'Agostino, Nassau County deputy bureau chief of the Family Court Bureau, told the judge Sanchez and eight other teenagers cut class Friday and headed to Jones Beach.

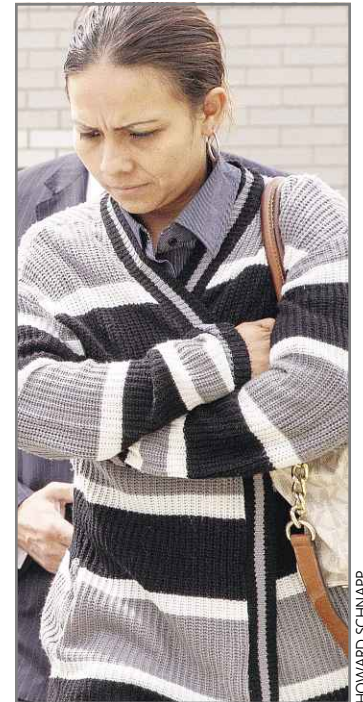
Sanchez was driving at speeds of between 60 and 80 mph on the Meadowbrook State Parkway when she lost control of the 2005 Chevrolet Trailblazer, D'Agostino said. The SUV overturned several times before coming to rest in a marsh, New York State Police said.

After the crash, Sanchez told police that when she approached a curve in the road, she meant to step on the brakes but instead hit the gas pedal, Toner said in an interview outside of the courthouse.

Sanchez's brother, David Sanchez, 13, died in the crash, as did Marlon Carbajal, 15, the son of the SUV's owner, and another teenager, Herbert Leo Aviles-Maravilla, 16, State Police said. The three boys, who police said did not wear seat belts, were ejected from the SUV. Sanchez's toddler, also riding in the SUV, was not hurt.

The remaining passengers, ages 13 to 17 and from Uniondale, suffered nonlife-threatening injuries, State Police said.

Police had said Sanchez's son was 18 months old. Toner on Monday said the boy is 23 months old and in the custody of Child Protective Services.



Maria Oliva, mother of driver Cindy Sanchez, arrives at Family Court on Monday.

Sanchez faces three counts of second-degree manslaughter and three counts of criminally negligent homicide. The charges, D'Agostino said, may be upgraded, pending a forensic report. Toner said he believes the report will contain results of a blood test done on Sanchez to determine whether she consumed alcohol or drugs before the crash. He said Sanchez had not drunk alcohol nor taken drugs.

The teenager is being charged as a juvenile primarily because of her age and the absence of aggravating circumstances, Toner said. Sanchez faces anywhere from probation to two years in juvenile detention if convicted, he said.

Greenberg rejected Toner's request to allow Sanchez to go home with her mother.

Sanchez has a "history of truancy" and hung out with associates of Vatos Locos, a local street gang, D'Agostino said, adding that two of the gang members were in the SUV.

Greenberg ordered Sanchez held in a juvenile detention center and directed her to undergo a psychiatric evaluation.



HOWARD SCHINAPP

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