

Nassau OTB faces fiscal crunch of its own



Photo credit: Newsday/Karen Wiles Stable | Players watch the first race at Aqueduct at Nassau OTB [Farmingdale](#) branch. (March 26, 2011)

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In [New York](#)'s horse-betting business, perceptions of good news, bad news, winning and losing become very conditional, even a little warped.

Good news, relatively speaking, arrived this week for [Suffolk Off-Track Betting Corp.](#) It took the form of a state budget provision that will allow the organization, established in the early 1970s, to file for federal bankruptcy protection from creditors.

"We're obviously grateful for it, and we are going to make use of all the provisions of the law," including permitting OTBs to use capital funds for other purposes, said Jeffrey Casale, [Suffolk](#) OTB president. "This will allow us to continue the work we started and clearly preserves 230 jobs and a major revenue stream for the county."

Suffolk is far from alone in struggling to keep its cashier windows open.

Nassau Regional [Off-Track Betting Corp.](#) officials have argued -- successfully, it turns out -- that they should get the same bankruptcy-filing rights as any other OTB, just in case. They first said so when [New York](#) City OTB was pushing legislation in a futile effort to stay afloat that preceded the city parlors' shutdown in December 2010.

This week, at Nassau OTB's urging, its [GOP](#) allies in the state [Senate](#) extended bankruptcy authorization to all other regional OTBs provided they receive local and regulatory approval.

But Nassau OTB president and chief executive Joseph [Cairo](#) denied his corporation plans to follow Suffolk into bankruptcy court.

"We didn't want to be treated differently if we wished at some point to file for bankruptcy -- which I don't foresee, and hope never happens," [Cairo](#) said. "What I thought was that if Suffolk could declare bankruptcy, it would be fair for all the remaining regions to be treated equally."

Nassau has its problems, though. On Wednesday in Saratoga, the state Racing and Wagering Board renewed Nassau OTB's license to simulcast races. In the process, Thomas Casaregola, the board's audit director, discussed Nassau OTB's most recent financial reports, according to an audio recording of the meeting posted online.

"As you know," Casaregola told the board, "Nassau OTB has been suffering some operating losses for the past several years. In fact for the past two years, their independent auditors have included in their audited financial statements . . . comment bringing into question Nassau OTB's ability to continue its operations."

He went on to say that an "operating loss" of \$829,000 was projected for 2012.

The up side, if you will, is that Nassau OTB's revenue is reported to be running ahead of expenses for the year. The difference between figures showing a loss and those showing positive cash flow has to do with whether such items as depreciation and certain post-employment benefits are counted against the bottom line -- an accounting difference.

"If you look at the cash we take in, against expenditures, we show a profit for 2012," [Cairo](#) said.

Last month, Nassau OTB also settled a long-running, multimillion-dollar court battle with state harness tracks for a sum that Cairo and his counsel Arthur Walsh declined to disclose. The impact of that settlement remains to be seen.

In a complex and battered industry that is eclipsed ever more by casinos and the Internet, just breaking even and surviving might feel like hitting a trifecta for any of the stakeholders.