

Developer keeps after his big casino dreams

Written by Administrator
Sunday, 20 April 2014 07:52 -

Albany

On Jan. 21, [David M. Flaum](#) and his son Asher made a presentation to a town board in Sullivan County about their vision for a Catskills casino that would bring 1,500 permanent jobs to one of the most economically depressed regions of upstate.

"This would be my only casino," Flaum told the [Mamakating Town Board](#). He went on to describe an environmentally sensitive, architecturally compatible building on a site in Sullivan County. Making an argument he would repeat just two months later in Albany, he emphasized that casino development in New York is inevitable — and that it would be best not to miss your chance.

"You will get the negatives without the positives if you don't get one here," Flaum told the Town Board.

Two weeks after hearing the pitch, the Mamakating officials unanimously passed the resolution of support for Flaum's proposed casino on the site of the Shawanga Lodge, a burned-out resort he had purchased years earlier with the initial intention of building a Native American-owned gaming hall.

More recently, Flaum has revealed that he does indeed have other casino projects in mind. If he is successful on one, near the Harriman station of the [Metro-North Railroad](#) in Orange County, it would not help Mamakating dig out of depression.

The site would potentially ruin Sullivan County's chance at casino wealth because of Orange County's proximity to the New York City customers the Catskills would like to attract.

Flaum's other casino project is in Albany.

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Well-known in his home in Monroe County, the 60-year-old has become a much more visible figure statewide as he attempts to capture one or more of the four casino licenses that are available in three upstate regions.

Flaum said last week that he intends to submit multiple applications for licenses to the [State Gaming Commission](#) on Wednesday, but indicated he might pass on Mamakating.

Even at the time of his pitch in the Catskills town, Flaum was patrolling Albany and Rensselaer counties for potential casino sites, and in December had approached the owners of the former Tobin First Prize center in Albany. He locked up an option on the Tobin plant just a few days before his Mamakating address.

Mamakating Supervisor [Bill Herrmann](#) said he doesn't hold Flaum's actions and words against him, despite Herrmann's thinking that Flaum was sincere when he said he would fight to get a license for a commercial casino in the town. "He's a businessman and he's not going to show all his cards," Herrmann said. "Any developer is like a used car salesman, right? ... I'm OK with that."

Flaum, once again accompanied by his son, delivered his plan for a \$300 million to \$400 million casino, hotel and water park near Exit 23 of the Thruway to the [Albany Common Council](#) on March 21. As in Mamakating, Flaum said he had found a great site for a casino, this time with a potential for 1,800 jobs. He asked for a vote of support, and noted that if a competitor gets a casino license across the river, Albany would get only the bad and none of the good from a new gambling business, and it would miss out on millions of dollars a year in taxes and casino revenues.

"These are decisions that are made in a second," Flaum said last week about his site choices. "When you are too ponderous, you get paralysis through the analysis. I believe things have to be done swiftly and that means putting your money where your mouth is."

He took a \$100,000 option to buy the southern Albany property, which is owned by the family of U.S. Sen. [Kirstin Gillibrand](#), according to a gaming industry source.

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If Flaum is able to get a gaming license — which will cost him tens of millions of dollars — developing a casino would be a giant step in his 40-year real estate career.

As he tells it, Flaum's deal-making fundamentals were learned when he was a boy observing as his father bought and sold small farms and properties. The son of Lithuanian Holocaust survivors, Flaum is a New Jersey native who attended [Syracuse University](#) after being recruited for the wrestling team. He married

[Ilene Birnbaum](#)

, a fellow Syracuse grad whose father owned a portfolio of A&P and bowling alley properties, and entered Buffalo Law School shortly after graduating from SU in 1975. He took over the Birnbaum business after his father-in-law's death, and founded

[Flaum Management Co.](#)

in the mid-1980s in Rochester. It employs his two sons and his son-in-law and several long-term executive team members. The firm has focused on managing retail and commercial space in upstate and buying distressed buildings; it owns a few shopping strips, including the Queensbury Plaza, and operates a golf course on Canandaigua Lake, where Flaum has a second home.

Flaum has been pursuing the dream of building a casino for a few decades, often working with the Seneca Indian Nation on possibilities that have not panned out.

A plan with the tribe to bring a casino project to Henrietta, in Monroe County, ran into a dead end because of local opposition. The Seneca-Flaum pursuit of a casino drew the ire of Western OTB officials, who complained to the state ethics agency about the developer's alleged lobbying violations. He has denied any violations of lobbying and ethics laws.

Flaum is a major donor to Republican campaigns and pro-Israel groups. He is chairman of the

[Republican Jewish Coalition](#)

, a body of high-powered GOP leaders, some of whom have been finance chairmen for national campaigns.

Flaum accompanied then-Texas Gov. [George W. Bush](#) on a RJC tour of Israel in the late 1990s. In 2009, Flaum contributed \$10,000 to the "super PAC" Restore Our Future, which backed [Mitt Romney](#). He also was a member of a group that raised funds for the legal defense of [Lewis "Scooter" Libby](#)

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's defense, a Bush administration official convicted of felonies for revealing the identity of CIA agent

[Valerie Plame](#)

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In late March, Flaum hosted the annual spring meeting of the RJC in Las Vegas at the Venetian Casino, run by his fellow RJC board member and friend [Sheldon G. Adelson](#), principal owner of the Las Vegas Sands Corp. New Jersey Gov.

[Chris Christie](#)

was a featured speaker.

As he has discussed his plans to build casinos, Flaum has mentioned that he has ties to a major casino operator but has not named names.

"I'm very close to a lot of different people," he told the Mamakating board, adding that he had been in talks with a casino operator for his Catskills site — someone they would be "very, very proud" to have in their community.

Flaum and his wife have donated nearly \$400,000 to national campaigns since 1997 and tens of thousands more in New York state, including more than \$100,000 to Gov. [Andrew Cuomo](#). Flaum is a member of Republicans for Cuomo, which has been raising money for the governor's re-election.

"I am a very philanthropic person," Flaum told government leaders in Mamakating. He and his wife have been donors to SU and to the [University of Rochester Medical Center](#), which added him to its board. In 2009, the center honored their support by putting their names on its eye institute.

A new management school at SU has a gathering room named after Flaum and his wife.

"He bleeds orange," said James Messenger, Flaum's longtime lawyer and a fellow SU graduate.

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Flaum describes himself as "an adaptive reuse developer" for his ability to find tenants for old buildings. He says he's brought hundreds of jobs to his upstate properties by filling vacant commercial space with new occupants. For instance, he's leasing to businesses with 1,400 employees in downtown Syracuse, where he runs a once-empty glass-enclosed office complex called the Galleries, now teeming with workers after Flaum lured a Travelers Insurance claim center, Sutherland Global Services and the U.S. Department of Agriculture.

A dispute between Flaum and city of Syracuse government has raged for years over a few million dollars in parking fees the city alleges Flaum owes for use by the Galleries. A resolution agreement collapsed two years ago when the city accused Flaum's company of reneging on a component of the deal that included tax breaks on the Galleries, according to published reports.

Flaum remembers the needs of elected leaders in areas where he operates. He donated heavily to state and local candidates, including \$10,000 in 2011 to Joanie Mahoney, the Republican Onondaga County executive, and \$1,000 in 2010 to Syracuse Mayor Stephanie Miner, a Democrat. They declined to be interviewed.

The Flaum family has been giving steadily to gubernatorial candidates for years, particularly to Gov. [George Pataki](#). Even as a college student at SU, Asher Flaum managed to donate a total of \$11,000 to Pataki in 2002.

In Rochester, some Flaum tenants for years have been state agencies, including Parole and Labor as well as Empire State Development Corp. and the governor's offices.

He has reduced overhead costs by gaining state Empire Zone designations that provide tax breaks both in Syracuse and Rochester.

Real estate broker [Gene Barbanti](#) said the developer would fly into Orange County airport in his corporate Learjet with Asher to look at sites. Barbanti said Flaum bought the Shawanga Lodge for \$650,000 15 years ago and remained a client for more transactions. He said Flaum moved quickly to secure Orange County acreage recently, while pursuing casinos in Henrietta and Albany.

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Barbanti said he isn't disappointed that Flaum isn't just considering the Catskills: The developer "has got four irons in the fire."

That isn't what Flaum told the Mamakating board in late January. "This gaming legislation has changed the world," he told the town leaders. "You have the opportunity to get one of these things. I will advocate it to the end of the earth," he said. "I went to Syracuse on a wrestling scholarship. I ain't about to give up. Hand-to-hand combat is what I love, even today."

Last week, Flaum told a reporter that he hopes to rebuild the Shawanga Lodge someday, "but maybe not as a casino."

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David M. Flaum's major associations

Chairman, Flaum Management, Rochester

Trustee, Syracuse University

Trustee, University of Rochester, UR Medical Center

Director/Finance Chair, US Holocaust Memorial Museum

Bush-Cheney 2000, 2004

Republicans for Cuomo

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Friends of Giuliani Exploratory Committee

Friends of Senator D'Amato 1998 Committee

John McCain 2008

Libby Legal Defense Trust

Chairman, Republican Jewish Coalition

Donor, Restore Our Future

Donor, Romney for President

Rudy Giuliani Presidential Committee

Graduate, U of New Hampshire Pierce Law School

Sources: Federal and state election records, Flaum resume, interviews

Read more <http://news.google.com/news/url?sa=t&fd=R&ct2=us&usg=AFQjCN GvAyFb1H648QAISIMLtc6Phms7MQ&clid=c3a7d30bb8a4878e06b80cf16b898331&ei=oppTU5izFoPRgAeg8wE&url=http://www.timesunion.com/local/article/Developer-keep-s-after-his-big-casino-dreams-5415549.php>