



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

Room 932
Legislative Office Building
Albany, New York 12248
(518) 455-3791

SHELDON SILVER
Speaker of the Assembly

February 11, 2010

The Honorable Joseph Fisch
Inspector General of the State of New York
61 Broadway, Suite 2100
New York, New York 10006

Dear Inspector General Fisch:

Serious questions have been raised regarding the selection process for an operator of the video lottery terminal (VLT) facility at the Aqueduct Racetrack. Accordingly, I am respectfully requesting that the Office of the State Inspector General take the following actions:

1. Conduct a review of the process and procedures used by the NYS Division of the Lottery and other relevant state agencies involved in the evaluation of bids and in the making of recommendations for the selection of such operator, and determine which bidders were recommended pursuant to such process.
2. Determine whether the Division of the Lottery and relevant state agencies followed all applicable statutory provisions such as those governing the procurement of revenue contracts under the State Finance Law and the procurement of a VLT operator and the development of real estate at Aqueduct in accordance with section 1612 of the Tax Law.
3. Inquire how the Division of the Lottery will assure that the conditions I conveyed to the Governor on January 29, and restated in my February 3rd letter to him, are met.

For your convenience I have attached a copy of my February 3rd letter to the Governor which spells out the conditions which must be met by a bidder before I would approve awarding the Aqueduct Racetrack VLT contract.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheldon Silver". The signature is fluid and cursive, with a long horizontal stroke at the end.

SHELDON SILVER
Speaker

Attachment



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SHELDON SILVER
Speaker of the Assembly

February 3, 2010

The Honorable David A. Paterson
Governor
State of New York
Executive Chamber, State Capitol
Albany, New York 12224

Dear Governor Paterson:

As you know, last week you called me to personally and strongly recommend the selection of the Aqueduct Entertainment Group (AEG) for the video lottery terminal franchise at the Aqueduct Raceway.

I agreed to support the selection of AEG contingent upon four conditions to be expressed in a memorandum of understanding. You agreed to these conditions, which I then forwarded in writing to your Counsel on January 29th, and released in a public statement.

Recently, however, I have read press reports quoting partners in AEG who assert that the aforementioned conditions will now be part of an MOU "negotiation." Let me reiterate – in the event our conversation and my letter were not absolutely clear – the following four conditions are not negotiable.

One, that the up-front licensing fee must be \$300 million and that said fee must be received by the State prior to March 31st.

Two, that the use of the existing approved MGM footprint be required for a timely State Environmental Quality Review Act approval, that any future development be subject to the normal SEQRA process, and that no waiver requests or requests for expedited approval will be permitted.

Three, that all investors at any level, partners, directors, managers, contract holders, consultants, principals and other selected employees must obtain a license from the State Division of the Lottery. Anyone who has been denied a gaming license in any jurisdiction anywhere in the world, or convicted within the past 15 years of a felony or other crime or offense involving fraud, larceny of any sort, theft, misappropriation or conversion of funds, or tax evasion is prohibited from obtaining a license.

February 3, 2010

Four, that throughout the final approval process, all changes in the proposal including but not limited to partners, consultants, investors at any level, management, development or principal employees, and contracts must be reviewed by the Division of Lottery and approved by the three leaders prior to the conclusion of the approval process.

The aforementioned conditions, to which you agreed, are as applicable to AEG as they would be to any other bidder.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheldon Silver". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

SHELDON SILVER
Speaker