

A Casino At Citi Field? How Steve Cohen's Bid Could Play Out

By **Zachary Zagger**

Law360 (April 13, 2022, 3:21 PM EDT) -- New York Mets owner Steve Cohen is pushing for a casino development near Citi Field in Queens, a proposal experts say could face obstacles as the state's expansion of gambling sparks an industry fight over precious New York City real estate.

Cohen, a billionaire hedge fund executive who bought the Mets in 2020 for \$2.4 billion, has been lobbying New York Mayor Eric Adams and other top city officials this year with redevelopment plans for Willets Point near the stadium, including a potential casino, according to a report by The City.

His proposal is among several to emerge after Gov. Kathy Hochul fast-tracked the process for three new casinos in the state in the recent \$220 billion budget. Others are contemplating Manhattan sites.

"Nothing would surprise me at this point with gambling expansion," said industry attorney David O. Klein, managing partner at Klein Moynihan Turco LLP. "Everyone wants to get their piece of the pie. Gambling is going to happen anyway. Why not tax it and get the money for the state?"

Here, Law360 takes a look at some key questions raised by the Citi Field proposal.

What Needs To Happen?

Land-based Las Vegas-style commercial casinos, other than Native American-run casinos, are relatively new to New York. The Empire State amended its constitution in 2013 to allow for up to seven commercial casinos in the state. Subsequent legislation allowed for licenses to be distributed to four upstate casinos, with three reserved for the New York City area.

Since then, licenses have been issued for four casinos upstate: Tioga Downs Casino Resort in Nichols, the Del Lago Resort and Casino in Waterloo, Rivers Casino & Resort in Schenectady and the Resorts World Catskills in Monticello.

The three downstate casino licenses were not set to be issued until at least 2023, but that timeline has been accelerated as part of the budget deal reached between Hochul and the Democratic-controlled Legislature.

The New York State Gaming Commission will start accepting applications for downstate casinos later this year. A local community advisory committee will also have a say in the locations. Application fees start at \$500 million.

How Many NYC Casinos and Where?

As things stand now, Cohen will have some competition for a casino near Citi Field. The presumptive front-runners for two of the casino licenses are Yonkers Raceway, which already has the Empire City Casino operated by MGM Resorts International, and the Aqueduct Racetrack in Queens, which has the Resorts World New York City. Both existing casinos already have slot machines.

Other proposals reportedly include casinos in Time Square or even one on top of Saks Fifth Avenue.

"The question with Manhattan has always been where do you put it," said Robert McLaughlin, a gambling and lottery attorney at Whiteman Osterman & Hanna LLP in New York. "Every space in Manhattan pretty much has been built on, so what do you do, what do you knock down, what do you change to put a huge casino in Manhattan?"

A Citi Field proposal could be attractive given the difficulties with space and potential local opposition in Manhattan. Willets Point, with its auto shops and junkyards next to Citi Field, has been at the center of redevelopment plans for decades.

Still, experts say that any of the new proposed casino locations in the city will have to be approved by community leaders.

"It will ultimately come down to whether [Cohen] can package the right proposal and hook up with the right gaming operators," McLaughlin said. "The fees are still high. He can handle that, but that is a hurdle many others still have to overcome."

Can It Be Successful?

More casinos mean more competition for customers. Experts say many bettors travel out of New York City to Atlantic City, Connecticut or upstate to gamble, but it's unclear whether there is enough demand to support any casinos in the city.

The newer upstate commercial casinos have reportedly struggled in recent years, suggesting that the gambling market is already saturated.

A casino near Citi Field, however, could benefit from the regular traffic during baseball season, as well as events at the nearby National Tennis Center, experts say.

"It is a perfect location for a casino and hotel," McLaughlin said. "You certainly have the infrastructure. You have the subway and the Long Island Rail Road. You have the parking. It is a matter of what the market can sustain."

Could Proximity to a Sports Stadium Be a Problem?

Placing a casino near a sports venue might have been a nonstarter in the past, but experts say things have changed with the growth of legalized sports betting. There are now NHL and NFL teams playing in stadiums right off the Las Vegas Strip.

Klein said Cohen is likely envisioning a casino with a physical sportsbook, which he acknowledged could attract organized crime groups and increase the risk of game-fixing.

"Certain elements are going to exist at casinos, and they may reach out to local teams, players or people involved in an administration of a game to try to change an outcome. God forbid," he said.

But sports leagues have come to accept and even promote gambling in recent years. Since the U.S. Supreme Court in 2018 opened the door for legalizing sports betting, professional leagues and teams have increasingly been reaching deals with gambling companies.

In Washington, D.C., Capital One Arena, the home of the NHL's Washington Capitals and NBA's Washington Wizards, now houses a physical, brick-and-mortar sportsbook.

Beyond Las Vegas, a casino near a sports venue is not unprecedented, such as in Pittsburgh, where the Rivers Casino is within walking distance of Heinz Field and PNC Park, the stadiums for the NFL's Pittsburgh Steelers and MLB's Pittsburgh Pirates, respectively.

Regardless, New York this year opened the door for online and mobile sports betting, meaning that New Yorkers can place bets from anywhere in the state, even at Citi Field.

"Cohen is going to say, 'Well, if you are going to put a casino on top of Saks, why can't you put one at Citi Field?'" Klein said. "I have no way of foreseeing how it is going to play out other than to say, typically, what Steve wants, Steve gets."

--Editing by Orlando Lorenzo and Brian Baresch.