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Competition Fierce for Stake in New York Gambling Market

By RICHARD PÉREZ-PEÑA

From urban vacant lots on New York's western edge to swatches of grassland and woods on the southern flank of the Catskill Mountains, and in corporate boardrooms from Rochester to Reno, a quiet gold rush is under way.

When Gov. George E. Pataki and the Legislature acted in October to create the biggest expansion of legalized gambling in the state's history, the obvious winners were Indian tribes and racetracks. The tribes secured approval for as many as six casinos, and the tracks won the right to install video gambling machines, little different from slot machines.

But the new law will also create another set of major victors, if it survives the expected legal challenges: the companies that win contracts to build and operate casinos, and supply them with gambling equipment.

The companies, ranging from billion-dollar corporations to local entrepreneurs hoping that lightning will strike, have been buying property, hiring architects, romancing tribal and government officials and investing in lobbyists and campaign contributions. Some entered this competition years ago, others more recently, and all have stepped up their efforts in the last few months.

To the gambling industry, the October law represents a once-in-a-generation opportunity, the opening of a vast New York market that has been closed to legal gambling beyond horse races and the state lottery.

If the new law survives court battles, and the proposed casinos win state and federal approvals, that new market will produce revenues of $3 billion to $4 billion a year, industry officials and analysts predict.

"We are not talking about a drop in the bucket here," said G. Thomas Baker, chief executive of International Game Technology, or I.G.T., the world's largest maker of gambling machines. "This is a significant market."

Scouting sites, hiring architects and courting tribal officials.

Harrah's, the world's second-largest casino company, is one of several companies that have made a proposal to the Seneca Nation of Indians, hoping the tribe will choose them to build and run as many as three casinos in western New York. Harrah's says it has also discussed a Catskills casino with another tribe — it will not say which one — and scouted locations, armed with a feasibility study it conducted on the region several years ago.

Such casinos in New York would take some business away from Atlantic City, doubling the resolve of casino companies there to get a piece of the action in New York.

"If someone's going to cannibalize us, I want to be the cannibal," said Philip G. Satre, chief executive of Harrah's, which has two Atlantic City casinos. He said his company was talking with the Senecas "long before the bill was passed."

Park Place Entertainment, the world's largest casino company, has a development deal with the St. Regis Mohawk Tribe for a casino at Kutsher's Country Club, outside of

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