

One Niagara showing strong signs of improvement

Meanwhile: New revelations of Chevron employee David Ho's shocking mismanagement

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JR.**

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I am the managing member of One Niagara, LLC, which owns the building and grounds that were formerly the site of the notorious AquaFalls project.

Last Monday, I paid \$127,785.16 to the Niagara Falls Assessor, for One Niagara's 2006 school tax. I mention this because back taxes are something for which I have been frequently criticized.

I might remind the reader, that, when I took over the property in late 2004, it had been a tax-free property for years. My first payment of more than \$200,000 in 2006 represented the first taxes paid on the property since 1998.

My predecessor, the failed AquaFalls project and "developer" David Ho of Hong Kong, secured tax-free status from the Niagara County Industrial Agency (IDA) based on a plan to create jobs for a world-class underground aquarium.

Mr. Ho's "project" commenced in 1999, as he blasted into bedrock a giant hole 1,200 feet from the brink of Niagara Falls. After putting signs on the fence around it that read "Coming soon," Mr. Ho ceased construction.

For years, that hole was one of the first sights tourists got to see as they drove into the USA on the Rainbow Bridge from Canada. It got plenty of press: On July 2, 2004, for example, *The Buffalo News* wrote: "After five years, the 40-foot hole on Rainbow Boulevard is still not an aquarium, and the protruding metal fences and broken sidewalks around the property still trip pedestrians and force them to walk in the road."

On Nov. 24, 2004, City Court Judge Angelo J. Morinello fined AquaFalls \$192,500 for "endangering the safety of pedestrians and traffic." AquaFalls, however, never paid the fine.

More than a failed development, AquaFalls' location and size made it, as *The Buffalo News* called it, the "city's signature eyesore."

Recent revelations, however, make it appear that AquaFalls "developer" David Ho may not have intended to build an aquarium, but merely pocket money by pretending to build an aquarium.

Here are the facts: The Niagara County IDA granted AquaFalls tax-exempt status, taking the property off the tax rolls in 1999. Instead of paying almost \$400,000 a year in property taxes, Mr. Ho agreed to pay an annual PILOT (Payment In Lieu Of Taxes) of about \$100,000 and promised to create jobs.

Mr. Ho paid zero property taxes, created zero jobs, and did not pay the PILOT fee. In March, 2004, after five years of missed payments, the IDA revoked Aqua Falls' tax-exempt status. During the same period, Mr. Ho avoided payment of \$2 million in property taxes.

He also managed to lose the anchor tenant — the U.S. government's Small Business Administration (SBA). There were 300 people with federal jobs who



THAT'S THE WAY IT'S SUPPOSED TO BE

ABOVE: At One Niagara, local vendors making money from tourism.

RIGHT: Not a trace of failure — over the former, gaping, eyesore hole of the phony AquaFalls project is now a parking lot for Niagara Falls, N.Y.'s ever-improving One Niagara.



ABOVE: The food is good and the prices are right. Tourists stand in line to order at the Burger Palace, where local folks make money from Niagara Falls tourism.



worked in the building. But Mr. Ho — in spite of collecting more than \$5 million in rent — didn't pay the bills associated with the lease.

Back in 2003, the *Niagara Falls Reporter* wrote: "Despite receiving nearly \$1 million in Community Development Block Grants, state aid and tax and water bill incentives since 1999, as well as a federal Small Business Administration contract worth an additional \$1 million each and every year, (AquaFalls) is unable to pay their electric bills.

"As a result, Niagara Mohawk cut off power to the building. (Mr. Ho) failed to pay well over \$200,000 in outstanding electric bills that are three months past due.

"The SBA (complained) that the landlords have allowed the building to deteriorate, failing at even the sort of routine maintenance that involves keeping the rest-rooms stocked with toilet paper and soap."

It wasn't only millions in rent Mr. Ho collected, but it seems he borrowed millions more to "build" the phony aquarium — potentially pocketing much of it.

Amongst the list of the potentially swindled was local businessman James "Harry" Williams. Mr. Ho apparently suckered the intrepid Mr. Williams into managing the blasting of the hole and helping Mr. Ho raise money. Mr. Ho received a \$2 million loan from one of Mr. Williams' investors, then refused to make the monthly payments.

Mr. Williams, however, not to be easily outmaneuvered, helped arrange a foreclosure against Mr. Ho, ultimately costing Mr. Ho his cash-grab cow. Meanwhile, the disgruntled SBA moved out of Mr. Ho's building and into the new "Niagara Center" in Buffalo, where Mr. Williams' nephew, Jerry Williams, just happened to be one of the partners.

Although Niagara Falls lost a significant employer, the slant of *The Buffalo News* story (Nov. 24, 2004) seemed joyous: "The

federal Small Business Administration's Area 1 disaster office will relocate from Niagara Falls to Buffalo next summer, bringing 300 new workers to downtown.

"I look forward to welcoming the new tenants and new customers to our new downtown," said Mayor Anthony M. Masiello."

Ironic: Millions in tax dollars were gifted to David Ho based on his promise to create jobs. But David Ho, through mismanagement of the SBA lease, actually lost Niagara County 300 jobs.

On Dec. 9, 2004, I relieved David Ho of management of the property. Ironically, I still had to pay for his misdeeds. The IDA revoked Mr. Ho's tax-exempt status, but they stuck the old bill (\$640,000) on me. And, after I started filling the "eyesore" hole, I got another surprise: Niagara Falls issued a re-levy of some of Mr. Ho's back taxes — which I had to pay.

I started off, indeed, disadvantageously, with a hole, without the anchor tenant and with re-levied taxes.

(A master of distortion, Mr. Ho lied in court papers to State Supreme Court Judge Frank Caruso, saying that "Frank Parlato's mismanagement caused the SBA to vacate the building." Perhaps he thought the judge couldn't simply look up the deed. *The Buffalo News'* article announcing SBA's move appeared two weeks before I bought the property — on Dec. 9, 2004.)

When my detractors criticize me for back taxes, or too-slow progress, or not big enough development, kindly remember, since I do not take government giveaways, I had to balance money. Some to taxes; some invested in the property to improve it. By doing that, one day the property would be able to sustain itself through its own income.

Thus far, I filled the hole; fixed the building and got it back on the tax rolls. Then I rented the first floor to local vendors. No chains. No big corporations. All local people who I staked to a store or a restaurant and charged

them no rent other than a percentage of gross receipts. If we failed, we failed together. Or won together.

Actually, we have been winning. In contrast to the 300 jobs David Ho lost for Niagara Falls, more than 200 local people now earn money from One Niagara. Several of them earn enough during the tourist season to support themselves nicely for the whole year.

In the meantime, I focus on small things. This week, two of my employees saved enough money to get a lemon press and borrowed \$200 to buy lemons. Their first day at One Niagara's lemonade stand, poetically enough, was the 4th of July, Independence Day. These new entrepreneurs sold \$400 worth of lemonade. Then they bought more lemons and sold \$600 the next day.

And it didn't cost taxpayers a dime.

I'm equally glad about the East Indian, Mexican, Chinese, Greek and Italian restaurants, the ice cream stand, the snack bar, the Burger Palace and five souvenir and gifts stores presently operating at One Niagara, and five tour companies: All owned and operated by local people who make money from people visiting Niagara Falls.

Isn't that what tourism in our community is supposed to be about? We established 19 profitable, locally-owned businesses making money from tourism in Niagara Falls, N.Y.

That I am criticized for avoiding chains and starting small is pleasing to me.

Yes. We are small-time, but getting bigger.

The last time I looked, Niagara Falls, N.Y., like myself, among the van of cities, was rather small, too.

We'll grow together.

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