

# Local officials not surprised by scathing CRDA audit

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Given the checkered history of the Casino Reinvestment Development Authority's fiscal practices, the findings from a state audit failed to surprise local elected officials who each expressed hope that the agency's future would head in a better direction under new leadership.

Atlantic City Mayor Frank Gilliam, whose elected position grants him an automatic seat on the CRDA board, said the audit's findings show the authority has been "neglectful in how they spend money."

"Naturally, being the mayor of Atlantic City and seeing all this money going in different directions and not really being able to benefit the municipality specifically and the neighborhoods in the community that need it most, was very eye-opening," Gilliam said Thursday. "I just don't see how those misuses of funds helped the city out at all."

The 29-page performance audit, released Tuesday by the Office of State Auditor, detailed numerous instances of fiscal mismanagement in addition to operational and organizational deficiencies. The audit's scope covered the period between Jan. 1, 2014 and Dec. 31, 2017, a timeline that included executed contracts with the Miss America Organization, Tanger Outlets The Walk and the Atlantic City Beach Concert Series, all of which came under fire in the report.

Board Chairman Robert E. Mulcahy responded to the audit's findings on behalf of the CRDA by way of a letter dated Aug. 21. He indicated that the authority agreed with some of the audit's findings while disagreeing with others.

"We welcome the OLS's (Office of Legislative Services) examination and critique of our operations and financial status, and the Authority will continue to seek opportunities to improve our processes so that we may better serve our stakeholders," Mulcahy wrote.

As of July 1, the CRDA has a new executive director, former Belmar Mayor Matt Doherty, and a new deputy executive director, Marshall Spevak. Nearly all of the local elected officials who spoke with The Press of Atlantic City about the CRDA audit expressed confidence in the new leadership.

Assemblyman Vince Mazzeo, D-Atlantic, said the findings in the audit were upsetting, particularly considering CRDA's documented history of mismanaging funds.

"When you deal with other people's money and you're supposed to spend this money in a way that spurs investment and help Atlantic City and the surrounding communities in Atlantic County, you're hoping that the money is spent correctly," he said. "Now that there's new leadership, hopefully they start taking corrective action making sure dollars are spent wisely."

State Sen. Jeff Van Drew, D-Cumberland, Cape May, Atlantic, said it was too early to say whether the existing regulations governing CRDA were not adhered to or if there needs to be more stringent laws in place to ensure proper fiscal management.

But, Van Drew said now is the time to start having those conversations.

“I think it’s important that the CRDA take this very seriously and make corrective action,” Van Drew said. “There is the possibility for legislative oversight, but I hate that it would be necessary. I think what this really begs is more of a conversation with (CRDA leadership).”

Republican congressional candidate Seth Grossman, who is challenging Van Drew for the 2nd District seat in November, said “CRDA is the perfect example of how pay-to-play politics in New Jersey ruins everything it touches.”

“The best and quickest way to revive Atlantic City is to abolish CRDA, let elected officials run the city and apply the full casino contribution to property tax reduction,” said Grossman. The long-time critic of CRDA added, “For the past 30 years, CRDA rewarded friends of politicians all over New Jersey the way Bugsy Siegel took care of his gangster friends when he took a 1 percent skim from his Las Vegas casinos in the 1940s.”

Assemblyman John Armato, D-Atlantic, acknowledged that CRDA, which was created in 1984 to spur economic development in Atlantic City and the surrounding area through a portion of casino licensee taxes, has “a rough track record.”

“With new leadership, I would hope we can continue to course correct,” Armato said. “A true evaluation of programs worth investing in should be the first step in the right direction.”

Gilliam said he was “excited” and “enthusiastic” about the new leadership at CRDA. He said that recent conversations with Doherty left him hopeful that Atlantic City’s needs will be heard in the future.

City Council President Marty Small Sr. said the governing body and the new leadership at CRDA have both committed to improving the relationship between the two entities for the betterment of Atlantic City. Small said the Council would continue to focus on Atlantic City with the hopes that CRDA would do its part to further its obligation to the city.

“The report is the report, the findings are the findings to ensure that CRDA takes the necessary steps to fix what’s in the report,” Small said. “I’m going to leave that to CRDA and continue to focus on making Atlantic City fiscally sound for the residents.”