

AUDIT REPORT

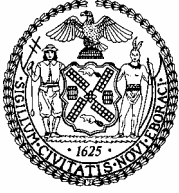


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

**Audit Report on the
Compliance of Staten Island
Minor League Holdings, L.L.C.
(Staten Island Yankees)
With Their Lease
January 1, 2003–December 31, 2004**

FN05-106A

April 21, 2006



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office has examined the compliance of Staten Island Minor League Holdings, L.L.C., (Staten Island Yankees) with the terms of their lease with the New York City Economic Development Corporation (EDC).

Audits such as this provide a means of ensuring that private concerns conducting business on City property comply with the terms of their agreements, properly report revenues, and pay all fees due.

The results of our audit, which are presented in this report, have been discussed with officials from the Staten Island Yankees and EDC, and their comments have been considered in preparing this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please contact my audit bureau at 212-669-3747 or e-mail us at audit@Comptroller.nyc.gov.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/fh

Report: FN05-106A
Filed: April 21, 2006

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*The City of New York
Office of the Comptroller
Bureau of Financial Audit*

**Audit Report on the Compliance of
Staten Island Minor League Holdings, LLC
(Staten Island Yankees) with Their Lease
January 1, 2003–December 31, 2004**

FN05-106A

AUDIT REPORT IN BRIEF

In December 2000, the Staten Island Minor League Holdings, LLC (doing business as the Staten Island Yankees) and the New York City Economic Development Corporation (EDC) entered into a 20-year lease that commenced on May 1, 2001. The lease, which is monitored by EDC, grants the Staten Island Yankees (SI Yankees) the exclusive right for the use and operation of the Richmond County Bank Ballpark in Staten Island, and requires that the SI Yankees pay EDC an annual base rent for game attendance, rent for the team store, and certain percentages of revenues generated from special event net income and from advertising revenues. The lease also requires that the SI Yankees deposit \$25,000 each year into a sinking fund that permits EDC to perform capital projects at the stadium; pay for stadium electricity; carry comprehensive property and liability insurance that names the City and EDC as additional insured parties; pay for the stadium's water and sewer use; and maintain a \$50,000 security deposit with EDC. Finally, the lease requires that the SI Yankees submit to EDC each lease year an attendance report, a statement of special event net income, and a statement of signage revenue.

This audit determined whether the SI Yankees paid EDC the rent due in accordance with lease provisions and whether the payments were made on time. The audit also determined whether the SI Yankees submitted the required reports, maintained the required insurance, reimbursed EDC for electricity use, paid for water and sewer use, provided the proper security deposit, made the required capital sinking fund contributions) and, implemented the recommendations made in our prior audit (*Audit Report on the Compliance of Staten Island Minor League Holdings, L.L.C., with Their Lease*—FN03-116A, issued June 27, 2003).

Audit Findings and Conclusions

The SI Yankees maintained the required property and liability insurance that named the City and EDC as additional insured parties, maintained the required \$50,000 security deposit with EDC, and contributed the required \$51,943 into a sinking fund, which was available for

EDC to perform capital projects at the stadium.¹ In addition, the SI Yankees paid \$340,442 of the \$373,517 assessed in the prior audit—the SI Yankees still owe \$33,075 in late fees.

However, we could not determine whether the SI Yankees owed EDC for base rent due in accordance with the lease because of various weaknesses noted in the counting and reporting of attendance. The audit also disclosed that the SI Yankees owe the City and EDC \$570,202 for not reimbursing EDC for electricity use, not paying the City for water and sewer charges, and for not making certain payments on time that resulted in late charges being due. Finally, the SI Yankees did not implement the recommendations made in the prior report—they continue not to make payments on time, not to report actual attendance based on turnstile counts, and not to adequately support actual attendance reported.

Audit Recommendations

The audit recommends the SI Yankees: maintain accurate and complete documentation that would support the attendance reported on their Season Ticket Summary Reports to EDC, and ensure that the Season Ticket Summary Reports are reconciled with their ticket reports, ticket stubs, and turnstile counts; maintain accurate and sufficient documentation for all home game dates, rainout dates, and rescheduled game dates; maintain accurate records for all turnstile activity used for home games and ensure that the turnstile records are reconciled with the attendance records for each home game, in accordance with the lease; pay EDC \$377,052 for outstanding electricity use charges and ensure that all future electricity use charges are reimbursed on a timely basis; pay the City \$24,887 for outstanding water and sewer charges through December 31, 2004, and ensure that all water and sewer charges are paid when billed; pay EDC \$135,188 in late charges due for the sinking fund installments, advertising and signage fees, and the non-payment of base rent, determined by this audit, and \$33,075 in remaining late charges due, determined by the prior audit; and make all future fee payments on time, as required by the lease.

The audit also recommends that EDC: ensure that the SI Yankees pay all fees due, including late charges, in accordance with the lease; ensure that the SI Yankees address the report's findings and implement the report's recommendations; and ensure that all amendments to the lease are submitted to the Franchise and Concession Review Committee (FCRC) for review and are registered with the Comptroller's Office.

INTRODUCTION

Background

On December 7, 2000, Staten Island Minor League Holdings, LLC (doing business as the Staten Island Yankees) and the New York City Economic Development Corporation (EDC) entered into a 20-year lease for the use and operation of the Richmond County Bank Ballpark in Staten Island. The lease, which commenced on May 1, 2001, is monitored by EDC. The lease grants the

¹ At the commencement of the fourth year of the lease (2004), this sinking fund contribution was subject to a CPI adjustment using the *Consumer Price Index for All Urban Consumers* published by the Bureau of Labor Statistics of the United States Department of Labor.

Staten Island Yankees (SI Yankees) the exclusive right to use the ballpark, and it allows the SI Yankees to sell game tickets, operate a team store, sell advertising, provide food and souvenir concessions, and lease the stadium for special events (i.e., art, concerts, culture, community, charity, civic, and amateur sporting events).²

The SI Yankees are required to annually pay EDC, subject to certain attendance criteria, a base rent for actual game attendance and a ticket fee for each complimentary ticket issued and for each paid “no-show.” In addition, the SI Yankees are required to pay a monthly rent for the team store (subject to the provisions of the amended lease) and certain percentages of revenues generated from special event net income and from advertising revenues.³ The lease also requires that the SI Yankees deposit \$25,000 each year into a sinking fund that permits EDC to perform capital projects at the stadium; pay for stadium electricity; carry comprehensive property and liability insurance that names the City and EDC as additional insured parties; pay for the stadium’s water and sewer use; and maintain a \$50,000 security deposit with EDC. Finally, the lease requires that the SI Yankees submit to EDC each lease year an attendance report, a statement of special event net income, and a statement of signage revenue.

Table I below summarizes the payment provisions of the lease:

Table I
Base Rent, Percentages of Revenues and Net Profit, and
Other Payment Requirements Required by the Lease

Rent Payments:

Base Rent for Game Attendance	Ranging from \$0 to \$510,000, based on the actual paid attendance. ⁴
No Shows and Complimentary Tickets	\$0.50 for each complimentary ticket issued and for each paid no-show. ⁵

² The lease allows the SI Yankees to either operate stadium concessions themselves or subcontract their operation. For the 2003 and 2004 lease years, Centerplate, Inc. operated the concessions for the SI Yankees.

³ The amount due from the team store was changed by an amendment to the lease executed on May 21, 2004. The amendment states that no rent is due for the team store during the baseball season—rent only becomes due during the off-season if and when the store is open for more than five calendar days, at which time rent would be calculated at \$5.00 for each square foot of the gross area of the store multiplied by one-twelfth.

⁴ Section 3.01(a)(ii) of the lease defines “actual attendance” for a particular lease year as the total number of ticket-holders who actually attended team home games, less complimentary ticket holders who attended team home games. Base rent of \$100,000 is payable when actual attendance exceeds 125,000 persons. Base rent increases in steps to a maximum of \$510,000 if actual attendance reaches more than 245,000 persons.

⁵ Section 3.01(b) of the lease defines “no-shows” and complimentary ticket holder rent payments as applicable only in years in which actual attendance exceeds 125,000 persons.

Team Store	No rent for the team store is due during the baseball season. Rent is payable only during the off season and only if the team store is open five or more calendar days. Monthly rent due is calculated at \$5.00 per square foot of the team store's gross area multiplied by one-twelfth.
Special Event Net Income	30% of Special Event Net Income in excess of \$143,000.
Stadium Advertising Revenue	50% of revenue received from advertising capped at \$250,000.
Capital Contribution	\$25,000 annually, paid into a sinking fund, due March 1 and October 31.
Electricity	100% of actual costs incurred for the stadium, as billed by EDC.

Objectives

The objectives of this audit were to determine whether the SI Yankees:

- paid EDC the rent due in accordance with lease provisions and whether the payments were made on time;
- submitted the required reports, maintained the required insurance, reimbursed EDC for electricity use, paid for water and sewer use, provided the proper security deposit, and made the required capital sinking fund contributions); and,
- implemented the recommendations made in our prior audit (*Audit Report on the Compliance of Staten Island Minor League Holdings, L.L.C., with Their Lease—FN03-116A*, issued June 27, 2003).

Scope and Methodology

This audit covered the period January 1, 2003, through December 31, 2004. To achieve our audit objectives, we reviewed and abstracted the relevant terms and conditions of the lease and its amendments. To determine whether the SI Yankees remitted the required statements and paid all fees due EDC on time, we reviewed EDC records that included SI Yankee accounts receivable and accounts payable ledgers, tenant history ledger, cash detail report, the SI Yankees rent statements, check payments, insurance certificates, and correspondence between the SI Yankees and EDC.

We evaluated the internal controls over the SI Yankees ticket and revenue collection, record keeping, and reporting functions. We conducted walkthroughs of the Staten Island Yankees' operations as follows: on October 25, 2004, pertaining to ticket sales and game attendance; on November 9, 2004, pertaining to advertising signage and related revenue; on January 19, 2005, pertaining to special events revenue; and, on March 31, 2005, pertaining to the process and procedures for donated tickets. We documented our understanding of the SI Yankees procedures and controls through memoranda. We completed an analytical review of the SI Yankees' reported actual attendance and revenue to identify inconsistencies.

We reviewed the daily attendance reported on the SI Yankees' Season Ticket Summary Report for home games played. We compared the total sales and total attendance for the stadium seating areas listed on this report to the amounts reported to EDC. We also counted all the ticket stubs provided by the SI Yankee officials for the 2003 and 2004 baseball seasons, and compared our counts to the total attendance reported to EDC to confirm whether home game attendance reports were accurate.

To test the internal controls over tickets classified as donated, we reviewed all 92 Ticket Donation Forms that totaled 755 tickets for the 2003 and 2004 seasons. We determined whether all the forms were completed correctly, and processed and authorized by office personnel. We also determined whether all forms included a valid charity organization's request letter.

To determine whether the SI Yankees accurately reported turnstile attendance, we compared the opening and closing counts for each turnstile that were recorded on the turnstile count spreadsheets to the totals recorded on the Detail Attendance Reports for each game of the 2003 and 2004 baseball seasons. We determined whether the number of ticket takers corresponded to the number of ticket envelopes for each home game and matched each ticket taker's name and assigned gate location to the ticket envelope that listed the name of the ticket taker, game date, gate number, and total number of tickets collected. We then rechecked their ticket counts for accuracy.

To determine whether the SI Yankees paid their advertising fees to EDC and paid them on time, we reviewed copies of the advertising contracts for the 2003 and 2004 lease years, and using EDC records, we reviewed the amounts that the SI Yankees paid.

To determine whether the SI Yankees accurately reported special event net income to EDC and paid the appropriate fees, if any, for the 2003 and 2004 lease years, we compared the reported amounts for special events to the supporting documents that included special event calendars and cash receipts and cash disbursements ledger accounts. We then traced those amounts to the SI Yankees' special events calendars, special events agreements, ticketing system Event Detail Reports, vendor invoices, and check payments.

To determine whether the SI Yankees maintained the proper insurance coverage that named the City and EDC as an additional insured, we examined the SI Yankees' certificates of insurance and insurance policies. To determine whether the SI Yankees paid their water and sewer charges and reimbursed EDC for electricity at the stadium, we reviewed billing statements and copies of canceled checks. To determine whether the SI Yankees deposited the proper amount as security and made the proper capital sinking fund contributions, we obtained copies of the canceled checks and traced the amounts on the checks to EDC's books and records.

In addition, we conducted unannounced observations during the 2004 baseball season. We purchased baseball tickets through the advance-sale ticket window and attended the SI Yankees' home games on August 21, 23, and 26. We arrived prior to the opening of the gates and witnessed whether all entrants to the stadium entered with a ticket and used turnstiles. We observed the manner in which ticket takers collected tickets at all the gates and noted whether any non-ticket holders were granted access to the stadium. We documented our observations through memoranda. Lastly, to determine whether the tickets we purchased were properly retained and accounted for, we photocopied our tickets and traced our ticket stubs to the game envelope, game date, and seat location.

The results of our tests, while not projectable to all reportable revenue categories and attendance reports, provided us with a reasonable basis to assess the appropriateness of the amounts reported and the fees paid to the City.

Finally, we determined whether the SI Yankees implemented the recommendations made in our prior audit (*Audit Report on the Compliance of Staten Island Minor League Holdings, L.L.C., with Their Lease*—FN03-116A, issued June 27, 2003). Specifically, we reviewed:

- canceled checks and accounts payable ledger to determine whether the SI Yankees paid the outstanding fees and late charges owed to EDC;
- check dates to determine whether payments were made on the dates specified in the agreement;
- supporting documentation, (i.e., ticket summary reports, turnstile count spreadsheets, ticket stubs, etc.) to determine whether the SI Yankees strengthened internal controls over ticket sales that would allow them to accurately calculate and report actual attendance based on turnstile counts, in accordance with their lease;
- ticket stubs to determine whether tickets were redesigned to allow a visual distinction between paid and complimentary tickets; and
- the terms and conditions of the first lease amendment to determine whether provisions for rent from the Team Store are now included.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller, as set forth in Chapter 5, §93, of the New York City Charter and the Comptroller's audit authority under §32.02 of the SI Yankees' lease.

Discussion of Audit Results

The matters covered in this report were discussed with SI Yankee and EDC officials during and at the conclusion of this audit. A preliminary draft report was sent to SI Yankee and EDC officials and was discussed at an exit conference on February 13, 2006. On February 15, 2006, we submitted a draft report to SI Yankee and EDC officials with a request for comments. We received a written response from EDC on March 3, 2006, and from the SI Yankees on March 7, 2006.

SI Yankee officials responded that they will keep accurate and complete documentation and attendance records. SI Yankee officials further stated that they are working with EDC to ensure all payments are made, and with the City Department of Environmental Protection in determining the amount to be paid for water and sewer use.

EDC generally agreed with the audit recommendations stating that it would continue its collection effort to collect all fees and would offer the SI Yankees guidance regarding the audit's findings and recommendations. In addition, EDC stated that it has submitted a request to the Corporation Counsel for an opinion regarding that all amendments be submitted to the Franchise Concession and Review Committee and registered with the Comptroller's Office.

The full texts of the SI Yankees and EDC's comments are included as addenda to this report.

FINDINGS

The SI Yankees maintained the required property and liability insurance that named the City and EDC as additional insured parties, maintained the required \$50,000 security deposit with EDC, and contributed the required \$51,943 into a sinking fund, which was available for EDC to perform capital projects at the stadium.⁶ In addition, the SI Yankees paid \$340,442 of the \$373,517 assessed in the prior audit—the SI Yankees still owe \$33,075 in late fees.

However, we could not determine whether the SI Yankees owed EDC for base rent due in accordance with the lease because of various weaknesses noted in the counting and reporting of attendance. The audit also disclosed that the SI Yankees owe the City and EDC \$570,202 for not reimbursing EDC for electricity use, not paying the City for water and sewer charges, and for not making certain payments on time that resulted in late charges being due. Finally, the SI Yankees did not implement the recommendations made in the prior report—they continue not to make payments on time, not to report actual attendance based on turnstile counts, and not to adequately support actual attendance reported.

These matters are discussed in detail in the following sections of this report.

Attendance Could Not Be Verified

For the 2003 baseball season the SI Yankees reported a total attendance of 104,916, of which 95,017 represented paid attendance. For 2004, the SI Yankees reported 101,302 in total attendance, of which 83,771 represented paid attendance. According to SI Yankees officials, base rent was not due, since neither year's total attendance reached 125,001 persons.

Section 3.01(a)(ii) of the lease requires that “actual attendance” be “based upon the turnstile count for all such games which Tenant shall record in a fair, appropriate and customary manner.” However, the SI Yankees do not calculate and report attendance based on turnstile counts. Instead, as reported in a prior audit, tickets are scanned into a computerized system that records the tickets into a database, categorizing them as paid or complimentary. These records could not be reconciled to the attendance reported by the SI Yankees on the Season Ticket Summary Reports for 2003 and 2004, to their own ticket records of individual game attendance, or to our manual count of tickets.

We also noted various weaknesses in attendance counting that lead us to question the amounts reported, as follows:

- Starting turnstile entries did not always follow the ending turnstile entries for the previous days.

⁶ At the commencement of the fourth year of the lease (2004), this sinking fund contribution was subject to a CPI adjustment using the *Consumer Price Index for All Urban Consumers* published by the Bureau of Labor Statistics of the United States Department of Labor.

- Although the Staten Island Yankees use six turnstiles interchangeably at the stadium entrances, at times they recorded the counts from only four or five of these turnstiles on a given game day.
- Closing turnstile entry totals from one game were not always listed as the opening turnstile entry totals for the very next game in 40 of the 450 reported instances, as shown in Appendices I and II. Specifically, we noted 40 instances—19 in 2003 and 21 in 2004—in which ending turnstile counts for one game day did not coincide with the beginning counts for the next game day. As an example, for a game played August 16, 2003, turnstile #1 had an ending reading of 15,501, and for the next game date on August 18, 2003, the beginning reading for the same turnstile was 15,797, a discrepancy of 296 entries unaccounted for. On another occasion, for a game played on June 20, 2003, turnstile #5 showed the ending reading as 997; however, the beginning reading for the next game played on June 22, 2003, was 1,047, a discrepancy of 50 entries not accounted for. The 2004 season had similar discrepancies regarding turnstile counts. On July 6, 2004, the SI Yankees recorded an ending count on turnstile #4 with 4,862; yet, on July, 10, 2004—the next game date—the recorded beginning turnstile count was 5,389, a discrepancy of 527. Also, on July 31, 2004, turnstile #6 indicated an ending turnstile count of 7,353, but on August 2, 2004—the next game date—the beginning count for the same turnstile was 7,582, a discrepancy of 229 entries unaccounted for.
- Our count of tickets for a game held on August 17, 2003, showed that 1,962 people attended the game. However, the Season Ticket Summary Report submitted to EDC indicated that game was rained out and listed the attendance for the game as zero.
- Of the 92 ticket donation forms that the SI Yankees processed for 2003 and 2004, 33 forms were not stamped “completed,” 89 forms did not indicate the name of the person requesting the tickets, 29 forms did not have an authorization signature, 51 forms did not have a “processed by” signature, 76 forms did not include the seat numbers corresponding to the donated tickets, one form did not include the requesting letter, and two letters did not have the SI Yankees donation form. Therefore, we were unable to determine the accuracy of the number of donated tickets reported by the Staten Island Yankees.

**The SI Yankees Owe the City
And EDC at Least \$570,202**

The SI Yankees owe the City and EDC at least \$570,202 because they did not reimburse EDC \$377,052 for electricity use from June 2003 through December 31, 2004, did not pay the City \$24,887 for water and sewer charges, and did not pay EDC \$168,263 in late charges (including \$33,075 not billed by EDC from the prior audit).⁷

⁷ Article 9, § 9.01 (iii), of the lease requires that the SI Yankees reimburse EDC for stadium electricity use. In addition, § 9.01 (a)(iii) of the lease states, “Tenant shall pay and be responsible for all utilities for the Premises, including gas, water, electricity, HVAC, telephone and sanitary and storm services.”

From January 1, 2003, to December 31, 2004, the SI Yankees did not remit the required base rent and were three to six months late with their rent payments to EDC for signage revenue and sinking fund contributions. As a result, the SI Yankees owe EDC \$135,188 in late charges (See Appendix III.) Article 13(a) of the lease states that:

“If any payment of Rental, or any other payment due hereunder, is not received by Landlord within thirty (30) days after receipt by Tenant from Landlord of notice that such payment has become due, and is not received by Landlord within thirty (30) days after receipt by Tenant from Landlord of a further notice that such payment is overdue by more than thirty (30) days (except that no such further notice shall be required in the case of late payment of any Base Rent or Proceeds Payments) . . . then a late charge on the sums so overdue, calculated at the rate of one and one-half percent (1 1/2%) per month . . . compounded from the date such Rental or other payment first became due.”

Late charges pertaining to base rent were assessed because the SI Yankees did not make any base rent installment payments to EDC during 2003 and 2004. According to the lease, the SI Yankees are required to make the four base rent installments of \$25,000, whether or not the minimum attendance for each lease year was met. However, once it becomes established that the attendance for a particular year will not meet the minimum totals, the base rent payments made to EDC would be reimbursed upon notification by the SI Yankees. Section 3.02 (a)(c) of the lease states that:

“During each Lease Year, Tenant shall make payments of Base Rent in the amount of Twenty-Five Thousand Dollars (\$25,000) (each such amount to be subject to a CPI Adjustment at the beginning of the fourth (4th) Lease Year and at the beginning of every third (3rd) Lease Year thereafter), on or before each May 1, June 1, August 1, and September 1. . . . If the Base Rent payable in respect of a particular Lease Year according to Section 3.01 is less than the total amount of installment payments made by Tenant during such Lease Year . . . and Tenant so notifies Landlord, Landlord shall reimburse Tenant in the amount of such overpayment within thirty (30) days after its receipt of Tenant’s notice.”

Although the actual attendance that the SI Yankees reported did not meet the minimum attendance requirement of 125,001 patrons for base rent to be paid, they were nonetheless required to remit the quarterly payments to EDC on time and then request reimbursements for such payments. In addition, as previously stated, since we could not verify the reported attendance, we cannot state whether or not the SI Yankees owed base rent.

In addition, two sinking fund installment payments made by the SI Yankees to EDC for the 2004 season were five and six months late, respectively. The SI Yankees made the first installment payment on August 26, 2004, more than five months after the March 1, 2004 due date, and made the second installment payment on March 31, 2005, five months after the October 31, 2004 due date. Lease §10.05 (a)(ii) states, “Tenant shall pay its annual Capital Contribution into the Sinking Fund in two (2) equal installments, payable no later than March 1 and October 31 of each Lease Year.”

Similarly, for 2004, the SI Yankees were late with their payment of advertising and signage fees. The SI Yankees made the first installment payment on August 26, 2004, almost three months after the May 30, 2004 due date, and made the second installment payment on March 31, 2005, four months after the November 30, 2004 due date. Section 7.04 (c)(i) of the lease states: “Tenant shall pay Landlord’s share of Net Signage Revenues to Landlord in semi-annual installments to be made within thirty (30) days after each April 30 and October 31 of each Lease Year.”

The SI Yankees still owe \$33,075 in late fees to EDC for 2001 and 2002, as shown in Appendix IV. Although EDC sent the SI Yankees monthly notices about rent payments due, EDC assessed late fees totaling only \$1,875, which the SI Yankees paid. However, we determined that actual late fees due on base rent, for signage revenue, and for sinking fund contributions amount to \$37,649, which resulted in an additional \$33,075 in late fees still due EDC.

Prior Audit

With the exception of paying \$340,442 of the \$373,517 due from the prior audit, the SI Yankees have not implemented any of the other recommendations contained in the prior report. They continue not to make all payments on time; not to calculate actual attendance and make payments based on turnstile counts as required by the lease; and not to ensure that reported actual attendance for events can be properly supported.

Other Issue

As previously mentioned, an amendment to the lease executed on May 21, 2004, established that no rent will be due for the team store during the baseball season, and rent only becomes due during the off-season if and when the store is open for more than five calendar days, at which time rent would be calculated at \$5.00 for each square foot of the gross area of the store multiplied by one-twelfth.

However, this amendment was never presented to the Franchise and Concession Review Committee (FCRC) for approval, nor was it registered with the Comptroller’s Office. EDC should have followed these procedures when the amendment was established to maintain transparency in financial interactions between EDC and the SI Yankees. The submission of such amendments for review and registration provides for an independent assessment of the implementation of the amendments, thereby also providing accountability for the City’s receipt of a fair share of rent for its leased properties.

RECOMMENDATIONS

We recommend that the SI Yankees:

1. Maintain accurate and complete documentation that would support the attendance reported on their Season Ticket Summary Reports to EDC, and ensure that the Season Ticket Summary Reports are reconciled with their ticket reports, ticket stubs, and turnstile counts.
2. Maintain accurate and sufficient documentation for all home game dates, rainout dates, and rescheduled game dates.
3. Maintain accurate records for all turnstile activity used for home games and ensure that the turnstile records are reconciled with the attendance records for each home game, in accordance with the lease.

Staten Island Yankees Response: With regards to Recommendations 1 through 3, Staten Island Yankees officials responded that they “will maintain accurate and complete documentation, and keep accurate and complete records to support all attendance figures reported to EDC, as well as dates of played games, rainouts, and rescheduled games. The Staten Island Yankees are working to hone turnstile records, including potentially switching to an electronic scanning system at the turnstiles to ensure the records’ comprehensiveness.”

4. Pay EDC \$377,052 for outstanding electricity use charges and ensure that all future electricity use charges are reimbursed on a timely basis.
5. Pay the City \$24,887 for outstanding water and sewer charges through December 31, 2004, and ensure that all water and sewer charges are paid when billed.
6. Pay EDC \$135,188 in late charges due for the sinking fund installments, advertising and signage fees, and the non-payment of base rent, determined by this audit, and \$33,075 in remaining late charges due, determined by the prior audit.
7. Make all future fee payments on time, as required by the lease.

Staten Island Yankees Response: With regards to Recommendations 4 through 7, Staten Island Yankees officials responded that they “will work with the EDC to ensure that all payments are made. Please note that since the audit took place, the following has occurred:

- a) In lieu of the approximately \$68,800 due to the Staten Island Yankees in parking revenue [from EDC] for the 2005 season, that amount will be removed from the total amount payable to EDC.

- b) The Staten Island Yankees and the Department of Environmental Protection have worked together to determine that the Staten Island Yankees were overcharged for water from the time of the facility's construction through the present. The Staten Island Yankees and the DEP are working to determine the precise number that the bill will be reduced."

We recommend that EDC:

8. Ensure that the SI Yankees pay all fees due, including late charges, in accordance with the lease.

EDC Response: EDC officials stated: "EDC consistently makes the best efforts to collect all fees and will continue its collection efforts."

9. Ensure that the SI Yankees address the report's findings and implement the report's recommendations.

EDC Response: EDC officials stated: "EDC will continue to offer the Staten Island Yankees guidance in addressing the report's findings and recommendations.

"With respect to late charges pertaining to the previous audit, EDC billed all amounts provided by the legal payment stipulation dated May 30, 2002 as of June 30, 2003."

10. Ensure that all amendments to the lease are submitted to the Franchise and Concession Review Committee for review and are registered with the Comptroller's Office.

EDC Response: EDC officials stated: "EDC has submitted a request to NYC Corporation Counsel for an opinion as to this recommendation."

Staten Island Minor League Holdings, LLC
Schedule of Opening and Closing Turnstile Entries
2003 Season (June 20, 2003 - September 3, 2003)

Game #	Date	Entries	Turnstile Location						Total
			Left Field #1	Left Field #2	Main #3	Main #4	Main #5	Right Field #6	
1	06/20/03	Opening	21	20	56555	451450	481	19382	
		Closing	27	836	57252	451450	997	19406	
		Differences	6	816	697	0	516	24	2059
2	06/22/03	Opening	37	860	57252	451460	1047	19408	
		Closing	1075	1692	57912	451491	1782	19431	
		Differences	1038	832	660	31	735	23	3319
3	06/24/03	Opening	1076	1692	57912	451500	1782	19432	
		Closing	2001	2374	58828	451579	2719	20328	
		Differences	925	682	916	79	937	896	4435
4	07/01/03	Opening	2044	2374	58828	451579	2719	20333	
		Closing	2777	3120	59825	451579	3656	21059	
		Differences	733	746	997	0	937	726	4139
5	07/03/03	Opening	2777	3120	59825	451579	3656	21059	
		Closing	3657	3891	60939	451579	4245	21699	
		Differences	880	771	1114	0	589	640	3994
6	07/07/03	Opening	3657	3891	60939	451579	4245	21699	
		Closing	3910	4231	61380	451579	4584	22043	
		Differences	253	340	441	0	339	344	1717
7	07/12/03	Opening	3916	4231	61380	451579	4584	22043	
		Closing	4691	4913	62298	451579	5399	22276	
		Differences	775	682	918	0	815	233	3423
8	07/13/03	Opening	4691	4913	62298	451579	5399	22276	
		Closing	5275	5454	62825	451579	5910	22754	
		Differences	584	541	527	0	511	478	2641
9	07/14/03	Opening	5275	5454	62825	451579	5910	22754	
		Closing	5696	5920	63384	451579	6735	23215	
		Differences	421	466	559	0	825	461	2732
10	07/15/03	Opening	5696	5920	63384	451579	6735	23215	
		Closing	6373	6557	63953	451579	7347	24076	
		Differences	677	637	569	0	612	861	3356
11	07/17/03	Opening	6373	6557	63953	451579	7347	24076	
		Closing	7174	7379	64491	451579	8310	25045	
		Differences	801	822	538	0	963	969	4093
12	07/21/03	Opening	7174	7379	64491	451579	8310	25045	
		Closing	7476	7693	64866	451579	8828	25439	
		Differences	302	314	375	0	518	394	1903
13	07/23/03	Opening	7476	7693	64866	451579	8828	25439	
		Closing	7680	7895	65069	451579	9128	25872	
		Differences	204	202	203	0	300	433	1342
14	07/24/03	Opening	7680	7895	65069	451579	9128	25872	
		Closing	8037	8218	65405	451579	9618	26568	
		Differences	357	323	336	0	490	696	2202
15	07/25/03	Opening	8037	8218	65405	451579	9618	26568	
		Closing	8690	8739	65804	451579	10262	27137	
		Differences	653	521	399	0	644	569	2786
16	07/26/03	Opening	8690	8739	65804	451579	10262	27137	
		Closing	9503	9675	66470	451579	10909	27669	
		Differences	813	936	666	0	647	532	3594
17	07/28/03	Opening	9503	9675	66470	451579	10909	27669	
		Closing	10310	10220	67052	451579	11513	28301	
		Differences	807	545	582	0	604	632	3170
18	07/31/03	Opening	10310	10220	67052	451579	11513	28301	
		Closing	10634	10485	67377	451579	11891	28656	
		Differences	324	265	325	0	378	355	1647

Staten Island Minor League Holdings, LLC
Schedule of Opening and Closing Turnstile Entries
2003 Season (June 20, 2003 - September 3, 2003)

Game #	Date	Entries	Turnstile Location						Total
			Left Field #1	Left Field #2	Main #3	Main #4	Main #5	Right Field #6	
19	08/02/03	Opening	11767	10485	67377	451579	11971	28882	
		Closing	12642	10887	68199	451579	11971	29373	
		Differences	875	402	822	0	0	491	2590
20	08/04/03	Opening	12642	10887	68199	451579	11971	29373	
		Closing	12833	11116	68199	451579	11971	29600	
		Differences	191	229	0	0	0	227	647
21	08/05/03	Opening	12833	11116	68199	451579	11971	29600	
		Closing	13031	11261	68476	451579	11971	29827	
		Differences	198	145	277	0	0	227	847
22	08/06/03	Opening	13031	11261	68476	451579	11971	29827	
		Closing	13313	11463	68587	451579	11971	30248	
		Differences	282	202	111	0	0	421	1016
23	08/08/03	Opening	13313	11463	68587	451579	11974	30248	
		Closing	13788	11849	69110	451579	11975	30547	
		Differences	475	386	523	0	1	299	1684
24	08/12/03	Opening	13788	11849	69110	451579	11975	30547	
		Closing	14161	12183	69551	451579	11975	30948	
		Differences	373	334	441	0	0	401	1549
25	08/13/03	Opening	14161	12183	69551	451579	12024	30948	
		Closing	14506	12406	69824	451579	12418	31217	
		Differences	344	223	273	0	394	269	1503
26	08/15/03	Opening	14506	12406	69824	451579	12418	31217	
		Closing	15054	13008	70318	451579	12739	31799	
		Differences	549	602	494	0	321	582	2548
27	08/16/03	Opening	15054	13008	70318	451579	12739	31799	
		Closing	15501	13418	70838	451579	13207	32178	
		Differences	447	410	520	0	468	379	2224
28	08/17/03	Opening				451579			
		Closing				451579			
		Differences	0	0	0	0	0	0	0
29	08/18/03	Opening	15797	13651	71083	451579	13633	32433	
		Closing	16262	14093	71484	451579	14139	32892	
		Differences	465	442	401	0	506	459	2273
30	08/19/03	Opening	16262	14093	71484	451579	14139	32892	
		Closing	16579	14301	71743	451579	14646	33210	
		Differences	317	208	259	0	507	318	1609
31	08/21/03	Opening	16579	14301	71743	451579	14646	33210	
		Closing	17058	14707	72228	451579	15303	33725	
		Differences	479	406	485	0	657	515	2542
32	08/24/03	Opening	17058	14707	72228	451579	15303	33725	
		Closing	17879	15365	72793	451579	16185	34237	
		Differences	821	658	565	0	882	512	3438
33	08/25/03	Opening	17879	15365	72793	451579	16185	34237	
		Closing	18222	15885	73513	451579	16986	34464	
		Differences	343	520	720	0	801	227	2611
34	08/26/03	Opening	18222	15885	73513	451579	16986	34464	
		Closing	18898	16469	74016	451579	17567	34974	
		Differences	676	584	503	0	581	510	2854
35	09/01/03	Opening							
		Closing							
		Differences	0	0	0	0	0	0	0
36	09/03/03	Opening	18898	16469	74016	451579	17567	34974	
		Closing	19057	16574	74314	451579	17887	35192	
		Differences	159	105	298	0	320	218	1100
TOTAL								83,587	

Staten Island Minor League Holdings, LLC
Schedule of Opening and Closing Turnstile Entries
2004 Season (June 21, 2004 - August 29, 2004)

Game #	Date	Entries	Turnstile Location						Total
			Left Field #1	Left Field #2	Main #3	Main #4	Main #5	Right Field #6	
1	06/21/04	Opening	20258	16866	233	45	415	228	
		Closing	21106	17635	233	1098	1589	934	
		Differences	848	769	0	1053	1174	706	4550
2	06/22/04	Opening	21106	17635	300	1098	1589	934	
		Closing	21592	18182	300	1874	2154	1332	
		Differences	486	547	0	776	565	398	2772
3	06/23/04	Opening	21592	18182	300	1874	2154	1332	
		Closing	21976	18612	300	2633	2154	1591	
		Differences	384	430	0	759	0	259	1832
4	06/24/04	Opening	21976	18612	310	2633	2154	1591	
		Closing	22350	19063	481	3143	2565	2033	
		Differences	374	451	171	510	411	442	2359
5	06/25/04	Opening	22350	19063	481	3143	2565	2033	
		Closing	22654	19296	481	3581	2842	2305	
		Differences	304	233	0	438	277	272	1524
6	07/03/04	Opening	22691	19329	481	3742	3128	2305	
		Closing	23429	20087	481	4452	3860	2966	
		Differences	738	758	0	710	732	661	3599
7	07/06/04	Opening	23429	20087	481	4452	3860	2966	
		Closing	23747	20447	481	4862	4206	3330	
		Differences	318	360	0	410	346	364	1798
8	07/10/04	Opening	23782	20447	550	5389	4206	3330	
		Closing	24675	21418	1505	6153	5070	3935	
		Differences	893	971	955	764	864	605	5052
9	07/12/04	Opening							
		Closing							
		Differences	0	0	0	0	0	0	0
10	07/14/04	Opening	24675	21418	1505	6153	5070	3935	
		Closing	24778	21521	1505	6432	5401	4084	
		Differences	103	103	0	279	331	149	965
11	07/16/04	Opening	24778	21521	1505	6432	5401	4084	
		Closing	25161	21852	2123	7142	5401	4561	
		Differences	383	331	618	710	0	477	2519
12	07/17/04	Opening	25161	21852	2123	7142	5401	4561	
		Closing	25653	22324	2123	7994	5994	4862	
		Differences	492	472	0	852	593	301	2710
13	07/18/04	Opening	25653	22324	2123	7994	5994	4862	
		Closing	25773	22441	2123	8286	6270	5082	
		Differences	120	117	0	292	276	220	1025
14	07/19/04	Opening	25773	22441	2123	8286	6270	5082	
		Closing	26621	23229	2123	8948	6868	5815	
		Differences	848	788	0	662	598	733	3629
15	07/23/04	Opening							
		Closing							
		Differences	0	0	0	0	0	0	0
16	07/25/04	Opening	26621	23982	2123	9326	7213	5890	
		Closing	27216	24573	2123	10583	8431	6292	
		Differences	595	591	0	1257	1218	402	4063
17	07/27/04	Opening							
		Closing							
		Differences	0	0	0	0	0	0	0

Staten Island Minor League Holdings, LLC
 Schedule of Opening and Closing Turnstile Entries
 2004 Season (June 21, 2004 - August 29, 2004)

Game #	Date	Entries	Turnstile Location						Total
			Left Field #1	Left Field #2	Main #3	Main #4	Main #5	Right Field #6	
18	07/29/04	Opening	27216	24573	2123	10583	8431	6292	
		Closing	27220	25058	2123	11222	8964	6770	
		Differences	4	485	0	639	533	478	2139
19	07/30/04	Opening	27220	25058	2123	11222	8964	6770	
		Closing	27968	25067	2123	11699	9762	6951	
		Differences	748	9	0	477	798	181	2213
20	07/31/04	Opening	27968	25067	2123	11699	9762	6951	
		Closing	28658	25866	2123	12799	10901	7353	
		Differences	690	799	0	1100	1139	402	4130
21	08/02/04	Opening	29411	26530	2123	14038	11969	7582	
		Closing	29841	26903	2642	14642	12513	8005	
		Differences	430	373	519	604	544	423	2893
22	08/04/04	Opening	29841	26903	2642	14642	12513	8005	
		Closing	30245	27350	2642	15213	13134	8400	
		Differences	404	447	0	571	621	395	2438
23	08/05/04	Opening	30245	27350	2642	15368	13134	8400	
		Closing	30378	27482	2642	16077	13512	8632	
		Differences	133	132	0	709	378	232	1584
24	08/06/04	Opening	30378	27482	2642	16077	13512	8632	
		Closing	30699	27765	2642	16850	14161	8970	
		Differences	321	283	0	773	649	338	2364
25	08/11/04	Opening	30699	27765	2642	17080	14456	8970	
		Closing	31008	28125	3141	17570	14802	9302	
		Differences	309	360	499	490	346	332	2336
26	08/13/04	Opening	31008	28125	3141	17570	14802	9302	
		Closing	31219	28136	3141	17792	15114	9442	
		Differences	211	11	0	222	312	140	896
27	08/14/04	Opening	31219	28136	3141	17792	15114	9442	
		Closing	31450	28448	3141	18312	15493	9580	
		Differences	231	312	0	520	379	138	1580
28	08/15/04	Opening	31450	28448	3141	18312	15493	9580	
		Closing	32061	28449	3141	18849	16031	9875	
		Differences	611	1	0	537	538	295	1982
29	08/18/04	Opening	32061	28449	3142	18849	16031	9875	
		Closing	32785	29149	4162	19734	16858	10676	
		Differences	724	700	1020	885	827	801	4957
30	08/20/04	Opening	32785	29149	4162	19734	16853	10676	
		Closing	33461	29893	4922	20424	17497	11162	
		Differences	676	744	760	690	644	486	4000
31	08/21/04	Opening	33461	29893	4922	20424	17497	11162	
		Closing	33762	30273	4922	21077	18105	11389	
		Differences	301	380	0	653	608	227	2169
32	08/22/04	Opening	33762	30273	4922	21077	18105	11389	
		Closing	34064	30690	4922	21875	18804	11495	
		Differences	302	417	0	798	699	106	2322
33	08/23/04	Opening	34064	30690	4922	21875	18804	11495	
		Closing	34406	31053	4922	22718	19450	12109	
		Differences	342	363	0	843	646	614	2808
34	08/24/04	Opening	34406	31053	4922	22718	19450	12109	
		Closing	34700	31288	5301	23339	20106	12487	
		Differences	294	235	379	621	656	378	2563

Staten Island Minor League Holdings, LLC
Schedule of Opening and Closing Turnstile Entries
2004 Season (June 21, 2004 - August 29, 2004)

Game #	Date	Entries	Turnstile Location					Total	
			Left Field #1	Left Field #2	Main #3	Main #4	Main #5		Right Field #6
35	08/25/04	Opening	34700	31288	5301	23339	20106	12487	
		Closing	35247	31881	5868	24232	20772	13089	
		Differences	547	593	567	893	666	602	3868
36	08/26/04	Opening	35247	31881	5868	24232	20772	13089	
		Closing	36058	31897	5868	24857	21431	13449	
		Differences	811	16	0	625	659	360	2471
37	08/28/04	Opening	36058	31897	5868	24857	21431	13450	
		Closing	36471	31899	5868	25262	21899	13576	
		Differences	413	2	0	405	468	126	1414
38	08/28/04	Opening	36471	31899	5868	25263	21899	13576	
		Closing	37224	32753	6540	25923	22753	14185	
		Differences	753	854	672	660	854	609	4402
39	08/29/04	Opening							
		Closing							
		Differences	0	0	0	0	0	0	0
TOTAL								93,926	

Note: The last recorded turnstile count was dated August 28, 2004.
Staten Island Yankees officials did not provide the closing turnstile counts for the last game played on August 29, 2004.

Staten Island Minor League Holdings, LLC
Schedule of Late Charges Owed Compounded Monthly
May 1, 2003 through December 31, 2004

Component	Amount Due	Due Date	Late Charges Cover Period		Months Overdue	1.50% Late Charge
			From	To		
2003 Base Rent	\$ 25,000	05/01/03	05/01/03	10/31/04	18	\$ 7,684
2003 Base Rent	25,000	06/01/03	06/01/03	10/31/04	17	7,201
2003 Base Rent	25,000	08/01/03	08/01/03	10/31/04	15	6,256
2003 Base Rent	25,000	09/01/03	09/01/03	10/31/04	14	5,794
2004 Base Rent	27,331	05/01/04	05/01/04	10/31/04	6	2,554
2004 Base Rent	27,331	06/01/04	06/01/04	10/31/04	5	2,112
2004 Base Rent	27,331	08/01/04	08/01/04	10/31/04	3	1,248
2004 Base Rent	27,331	09/01/04	09/01/04	10/31/04	2	826
Total Base Rent Late Charges						\$ 33,674
2004 Signage Revenue	\$ 136,254	05/30/04	05/30/04	08/26/04	3	\$ 6,224
2004 Signage Revenue	136,254	11/30/04	11/30/04	03/31/05	4	8,361
Total Signage Revenue Late Charges						\$ 14,585
2004 Capital Contribution	\$ 13,471	03/01/04	03/01/04	08/26/04	6	\$ 1,259
2004 Capital Contribution	13,471	10/31/04	10/31/04	03/31/05	5	1,041
Total Capital Contribution Late Charges						\$ 2,300
2003 Electric Charges	\$ 256,735	varied	varied	varied	5 to 23	\$ 66,897
2004 Electric Charges	250,800	varied	varied	varied	1 to 11	20,363
Total Electric Late Charges						\$ 87,260
Total Late Charges Owed						\$ 137,819
Total Late Charges Paid						(2,631)
Total Late Charges Due						\$ 135,188

Staten Island Minor League Holdings, LLC
Schedule of Late Charges Unpaid from Prior Audit Compounded Monthly
May 1, 2001 through December 31, 2002

Component	Amount Due	Due Date	Late Charges Cover Period		Months Overdue	1.50% Late Charge
			From	To		
2001 Base Rent	\$ 25,000	05/01/01	05/01/01	07/30/01	3	\$ 1,142
2001 Base Rent	25,000	06/01/01	06/01/01	08/03/01	2	756
2001 Base Rent	25,000	09/01/01	09/01/01	01/31/02	5	1,932
2001 Base Rent	25,359	10/31/01	10/31/01	05/20/02	6	2,370
Total Base Rent Late Charges						\$ 6,199
2001 Signage Revenue	\$ 75,000	05/30/01	05/30/01	05/02/02	11	\$ 13,346
2001 Signage Revenue	125,000	11/30/01	11/30/01	06/03/02	6	11,680
2002 Signage Revenue	25,000	05/30/02	05/30/02	08/05/02	2	756
2002 Signage Revenue	25,000	11/30/02	11/30/02	04/01/03	4	1,534
Total Signage Revenue Late Charges						\$ 27,316
2001 Capital Contribution	\$ 12,500	03/01/01	03/01/01	01/31/02	11	\$ 2,224
2001 Capital Contribution	12,500	10/31/01	10/31/01	01/31/02	3	571
2002 Capital Contribution	12,500	03/01/02	03/01/02	06/21/02	3	571
2002 Capital Contribution	12,500	10/31/02	10/31/02	03/13/03	4	767
Total Capital Contribution Late Charges						\$ 4,133
Total Late Charges Owed						\$ 37,649
Total Late Charges Paid						(1,875)
						(2,699)
Total Late Charges Due						\$ 33,075

Staten Island Yankees

Class A Affiliate, New York Yankees



75 Richmond Terrace
Staten Island, NY 10301

Tel: 718-720-YANKS (9265)
Fax: 718-273-5763

Website: www.siyankees.com

March 7, 2006

Ms. Gayle M. Horwitz,
Deputy Comptroller & Chief of Staff
Policy, Audits, Accountancy & Contracts
New York City Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

Dear Ms. Horwitz:

The following represent the responses by the Staten Island Yankees to Audit Report on the Compliance of Staten Island Minor League Holdings with their Lease, January 1, 2003-December 31, 2004:


1-3) The Staten Island Yankees will maintain accurate and complete documentation, and keep accurate and complete records to support all attendance figures reported to EDC, as well as dates of played games, rainouts, and rescheduled games. The Staten Island Yankees are working to hone turnstile records, including potentially switching to an electronic scanning system at the turnstiles to ensure the records' comprehensiveness.

4-7) The Staten Island Yankees will work with the EDC to ensure that all payments are made. Please note that since the audit took place, the following has occurred:

- a) In lieu of the approximately \$68,800 due to the Staten Island Yankees in parking revenue for the 2005 season, that amount will be removed from the total amount payable to EDC.
- b) The Staten Island Yankees and the Department of Environmental Protection have worked together to determine that the Staten Island Yankees were overcharged for water from the time of the facility's construction through the present. The Staten Island Yankees and the DEP are working to determine the precise number that the bill will be reduced.

If you have any questions, you may contact me at 718-720-9265 x 217.

Sincerely yours,


Joshua Getzler
Chief Operating Officer
Staten Island Yankees





**New York City
Economic Development
Corporation**

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NEW YORK CITY
COMPLIANCE OFFICE

March 3, 2006

Ms. Gayle M. Horwitz,
Deputy Comptroller & Chief of Staff
Policy, Audits, Accountancy & Contracts
New York City Office of the Comptroller
1 Centre Street
New York, NY 10007-2341

Re: FN05-106A

Dear Ms. Horwitz:

This is our response to your draft "Audit Report on the Compliance of Staten Island Minor League Holdings, LLC, with their Lease Agreement January 1, 2003- December 31, 2004."

The following are the recommendations included in the report and our comments:

- 8) "Ensure that the Staten Island Yankees pay all fees due, including late charges, in accordance with the lease."

EDC consistently makes the best efforts to collect all fees and will continue its collection efforts.

- 9) "Ensure that the Staten Island Yankees address the report's findings and implement the report's recommendations."

EDC will continue to offer the Staten Island Yankees guidance in addressing the report's findings and recommendations.

With respect to late charges pertaining to the previous audit, EDC billed all amounts provided by the legal payment stipulation dated May 30, 2002 as of June 30, 2003.

Ms. Gayle M. Horwitz
March 3, 2006
Page 2

- 10) "Ensure that all amendments to the lease are submitted to the Franchise and Concession Review Committee for review and are registered with the Comptroller's Office."

EDC has submitted a request to NYC Corporation Counsel for an opinion as to this recommendation.

Very truly yours,


Ricardo A. Niles
Deputy Controller

cc: Andrew M. Alper (EDC)
John V. Cirolia (EDC)
Brian Murphy (EDC)
Lee Benedict (EDC)
Deo Singh (EDC)
Hope Mallari (EDC)