

Mismanagement, shocking new suspicions discredit Chevron's David Ho's arm 'pit' creation: AquaFalls

Ho's disgrace compares unfavorably with Parlato's management

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JR.**

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As some may know, I bought the old Occidental Chemical Center with a big hole in the ground — and, consequently, rescued AquaFalls developers Frenchmen Gilles Assouline and Chinaman David Ho. At the time, all they had was a rundown building, a big hole in front and a sign on a fence proclaiming: "AquaFalls Aquarium coming soon."

In 2003, four years after it was dug, the *Niagara Falls Reporter* wrote of how this hole came into existence: "The AquaFalls project was announced to great fanfare in July of 1999 by an international development company headed up by Gilles Assouline and David Ho.

"Described as 'multimillionaires' during the summer of 1999 by the local media, Assouline and Ho began digging a hole adjacent to the Occidental Chemical Building on Niagara Street in the hopes of putting their new aquarium there.

"The project was described as an oceanographic experience that would be like no other. Spectators would be permitted to view the sea from a 'beach' on the first floor to the 'sea bottom' some 45 feet below, through a series of glass tunnels."

After digging the hole, the two "multimillionaires" ceased construction and, although continuously promising construction would restart soon, the hole sat empty for six years.

In any event, I was pleased to buy this property since it gave me a chance to develop a first-class property in Niagara Falls.

My deal with Ho was that I would exclusively control the management of the property — and, in return, I would save him from being foreclosed on by one Mr. Larry Reger, an elegant gentleman who lent Mr. Ho the sum of \$2 million and to whom the alleged "multimillionaire" Mr. Ho was unable or unwilling to pay back. So much is history.

I purchased Mr. Reger's mortgage and foreclosed the property. Mr. Ho was to remain in a non-managerial position and I took control of the property, which I renamed One Niagara. And I filled the hole.

This is old news. What is not old is that I have learned that the Chevron employee from Hong Kong, Mr. David Ho, might not have intended to build an aquarium after all.

To use a "Ho-ism," "it is at least possible" that Mr. Ho planned to embezzle and defraud his investors out of millions; and that Mr. Ho possibly used various methods of raising money by over-financing so he could enjoy the practice of embezzling undisturbed.

As Mr. Bruce Battaglia, the publisher of this paper, said to me when I told him, it is not unlike the movie, "The Producers" starring Zero Mostel (as David Ho) and Gene Wilder (as Gilles Assouline).

It is at least possible that Mr. Ho (with the help of Assouline) raised about \$6 million to dig the hole; it cost about \$2 million to dig, and, that Ho (without



Let's dig a hole next to the Niagara Falls State Park and pretend we are going to build an aquarium.



Ho's legacy: A giant pit he dug, which I had to fill.

Assouline) pocketed \$4 million.

David Ho never invested one penny of his own money into AquaFalls. He never intended to build an aquarium. In the end, all Ho left was his hole.

Our local press often described the man's legacy. Lest we forget:

- *The Buffalo News* (April 11, 2004) called Ho's hole "Niagara Falls' signature eyesore."
- *The Niagara Falls Reporter* called it "The developmental disgrace known as AquaFalls" and "A 35-foot-deep pit that seemed to suck hope from the entire city."
- WBEN radio called it "a blight that greeted people as they entered the city from the Rainbow Bridge."

- And the *Niagara Gazette* (March 23, 2006): "The infamous, outdoor stain on the city's image." David Ho did more than create an eyesore: *The Buffalo News* reported (March 12, 2004): "The Niagara County Industrial Development Agency board revoked AquaFalls' tax-exempt status. Unless the owners pay nearly \$640,000 within 30 days."

Ho got free taxes and millions in incentives to build his aquarium. The IDA program required



I filled the hole and made One Niagara a tourist magnet.

him to make modest payments in lieu of taxes. He never did and they threw him off the tax-exempt roll and stuck the old bill on me.

Besides its imposing ugliness in the heart of downtown, the hole posed some danger. On July 2, 2004, *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."

"The City of Niagara Falls took AquaFalls to court Thursday on claims it is endangering the safety of pedestrians and traffic."

On Nov. 24, 2004, *The Buffalo News* wrote: "City Judge Angelo J. Morinello on Tuesday fined AquaFalls \$192,500 for prolonged delays in remedial work to its property."

AquaFalls pleaded guilty to five separate violations. But, they never paid the fine.

Of course, the legacy of David Ho would not be completely told unless we mention his achievement of driving the Small Business Administration (SBA) out of Niagara Falls, costing the city 300 jobs.

Back in 2003, Mike Hudson of the *Reporter* wrote of how the AquaFalls building's anchor tenant was being treated: "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, many employees of the AquaFalls building's major tenant, the SBA, found themselves looking for things to do Thursday afternoon after Niagara Mohawk cut off power to the building. Sources said (David Ho) failed to pay well over \$200,000 in outstanding electric bills that are three months past due."

"I want to boil them in oil," said one SBA official, speaking on the condition of anonymity.

"The SBA pays \$85,000 a month in rent, and has complained in the past that the landlords have allowed the building to deteriorate, failing at even the sort of routine maintenance that involves keeping the restrooms stocked with toilet paper and soap."

"We keep our own, in our desks, I swear to God," the official said.

"Aside from the fact that last week's shutdown delayed the processing of financial SBA aid to victims of the Sept. 11 terrorist attacks, it caused many here to wonder why the AquaFalls building has been the beneficiary of so much government largess."

"Following hasty negotiations Thursday, Niagara Mohawk officials agreed to turn the power back on only if the SBA took direct responsibility for paying electric bills in the future."

"The inability of (Ho's) company to do something so simple as pay its electric bill does not jibe with announcements that new funding has been secured for the (AquaFalls) project."

Ultimately, the SBA couldn't stand the condition of the building. Two weeks before I bought the property, it was reported in *The Buffalo News* (Nov. 24, 2004): "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 (Buffalo)."

Niagara loses. But Buffalo owes one to David Ho.

On Dec. 9, 2004, I relieved David Ho from his management of the property. Within months, I began filling the hole. WBEN radio announced it first. Television cameras arrived. *The Niagara Gazette* reported (May 11, 2005), the "construction work marked the end of an era."

One year later, WGRZ-TV filmed the now-filled hole and reported: "The giant pit is filled now, but what's next? Buffalo developer, Frank Parlato, says he's turning it and the adjacent building into a giant tourist center to greet those coming into Niagara Falls, N.Y."

And that's exactly what I did. Seven restaurants, six retail businesses and a paid parking lot over where the hole was. In August 2007, the *Gazette* reported that I filed permits to "open up the top floor at One Niagara, which will provide a panoramic view of the American falls."

What a difference a manager can make.

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