

Traffic building on the road to privatization

By **DAVID REICH-HALE**

Though other Long Island companies have gone private, none come close to the size and scope of Cablevision Systems Corp., which has proposed a plan to escape Wall Street for the friendly confines of Bethpage.

Most of the firms that left the spotlight of public life were smaller companies, pressed to deal with the cost of Sarbanes-Oxley regulations and the price of filing Securities and Exchange Commission filings.

Cablevision spent \$13 million on 2004 audit fees, more than any other company on Long Island, but \$13 million isn't a lot of money for Cablevision, which has a market capitalization of more than \$9.3 billion as of June 21, according to Alon Kapen, partner in the corporate group of Uniondale-based Farrell Fritz.

"Generally, however, it's the smaller companies that on a percentage basis are hit harder," Kapen said.

Among the smaller firms to go private was Port Washington-based Sandata Technologies in May 2003.

"We're a \$20 million-a-year-in-revenue company," said Bert Brodsky, chief executive of Sandata. "We're saving \$1 million each year on Sarbanes-Oxley, SEC filings and other related costs."

Brodsky is one of Long Island's most outspoken critics of Sarbanes-Oxley, claiming that the law inhibits companies from fairly compensating execu-

tives and "paints the whole world with one brush. What Enron did was wrong and those people should go to jail. But to press these rules on the rest of us doesn't make sense."

Brodsky said that in the two years since Sandata went private, the company's earnings have tripled.

"And if I want to name my son to a higher position or if I want to reward someone else for their good work, I can do it without answering to anyone," Brodsky said.

The second-guessing probably has more to do with why Cablevision wants to go private, Brodsky added.

"It's a family-controlled business," Brodsky said. "The criticism of the family for running the business has been endless."

Added Doug Kurz, managing partner of the Melville office of PricewaterhouseCoopers: "this probably had to do more with getting control of the business back. Now they have control of their legacy."

Despite the criticism that public companies face, and the increased cost of regulatory compliance, most larger companies stay in the public arena, Kapen said.

"I think in the case of Cablevision, this is industry specific," he said. "Cable companies believe that their stocks are undervalued."

Two other cable providers, Cox Communications and Insight Communications, have gone private in the past 12 months.



Bert Brodsky