



Written by [Bob Adelman](#) on October 10, 2012

Another Large Co. May Shrink or Close Due to ObamaCare, Higher Taxes

After 42 years of building an immense real estate and time share company, with 7,000 employees and revenues of \$1 billion, its owner is close to giving it all up and, in his words, "calling it a day." David Siegel, the owner of [Westgate Resorts](#), started his company out of his garage in the early 1970s and, working full-time, including weekends and holidays, slowly built the company into a powerhouse which, in 2007, just before the real estate crash, employed more than 12,000 people and served more than 3 million customers a year.



So well off was the company that it embarked on projects in Las Vegas and the construction of a private home for Siegel himself that was so large that it was featured in the film [The Queen of Versailles](#) that opened in theaters in July.

But the start of the Great Recession left Siegel and his company with nearly \$1 billion in debt, which forced him to [give back the Las Vegas project to lenders](#) and stop work altogether on his massive 90,000-square-foot home.

Business is better now, but Siegel is nervous about the election and what it means to his company if President Obama is reelected. So he decided to [send an e-mail](#) to his employees warning them of what he might do if Obama does win in November. In a conversation with Robert Frank of CNBC, Siegel said if Obama is reelected and ObamaCare remains in place, he might just let his 7,000 employees go and shut down the company: "The combination of ObamaCare and taxes [the coming "fiscal cliff"] would be a disaster. I would probably just call it a day and that would be a disaster."

Before doing so, however, he decided to give his employees his thinking along with a lesson in entrepreneurial economics from the point of view of the entrepreneur. Here are relevant excerpts from his e-mail:

As most of you know our company, Westgate Resorts, has continued to succeed in spite of a very dismal economy. There is no question that the economy has changed for the worse and we have not seen any improvement over the past four years. In spite of all of the challenges we have faced, the good news is this: The economy doesn't currently pose a threat to your job.

What does threaten your job however, is another 4 years of the same Presidential administration. Of course, as your employer, I can't tell you whom to vote for, and I certainly wouldn't interfere with your right to vote for whomever you choose. In fact, I encourage you to vote for whomever you think will serve your interests the best.

However, let me share a few facts that might help you decide what is in your best interest. The current administration and members of the press have perpetuated an environment that casts employers against employees. They want you to believe that we live in a class system where the



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rich get richer, the poor get poorer. They label us [entrepreneurs] the “1%” and imply that we [entrepreneurs] are somehow immune to the challenges that face our country. This could not be further from the truth. Sure, you may have heard about [the big home](#) that I’m building. I’m sure many people think that I live a privileged life. However, what you don’t see or hear is the true story behind any success that I have achieved.

I started this company over 42 years ago. At that time, I lived in a very modest home. I converted my garage into an office so I could put forth 100% effort into building a company, which by the way, would eventually employ you. We didn’t eat in fancy restaurants or take expensive vacations because every dollar I made went back into this company. I drove an old used car, and often times, I stayed home on weekends, while my friends went out drinking and partying. In fact, I was married to my business....

I put my time, my money, and my life into this business — with a vision that eventually, some day, I too, [would] be able to afford to buy whatever I wanted. Even to this day, every dime I earn goes back into this company. Over the past four years I have had to stop building my dream house, cut back on all of my expenses, and take my kids out of private schools simply to keep this company strong and to keep you employed.

Just think about this — most of you arrive at work in the morning and leave that afternoon and the rest of your time is yours to do as you please. But not me — there is no “off” button for me. When you leave the office, you are done and you have a weekend all to yourself. I unfortunately do not have that freedom. I eat, live, and breathe this company every minute of the day, every day of the week. There is no rest. There is no weekend. There is no happy hour [for me]...

I know many of you work hard and do a great job, but I’m the one who has to sign every check, pay every expense, and make sure that this company continues to succeed. Unfortunately, what most people see is the nice house and the lavish lifestyle. What the press certainly does not want you to see, is the true story of the hard work and sacrifices I’ve made.

Now, the economy is falling apart and people like me who made ... the right decisions and invested in themselves are being forced to bail out all the people who didn’t. The people [who] overspent their paychecks suddenly feel entitled to the same luxuries that I earned and sacrificed 42 years of my life for.

Yes, business ownership has its benefits, but the price I’ve paid is steep and not without wounds.

Unfortunately, the costs of running a business have gotten out of control, and let me tell you why: We [entrepreneurs] are being taxed to death and the government thinks we don’t pay enough. We pay state taxes, federal taxes, property taxes, sales and use taxes, payroll taxes, workers compensation taxes and unemployment taxes. I even have to hire an entire department to manage all these taxes.

The question I have [for you] is this: Who is really stimulating the economy? Is it the Government that wants to take money from those who have earned it and give it to those who have not, or is it people like me who built a company out of his garage and directly employs over 7000 people and hosts over 3 million people per year with a great vacation?...

Here is what most people don’t understand and the press and our Government has chosen to ignore: to stimulate the economy you need to stimulate [the entrepreneurs who drive] the economy. Instead of raising my taxes and depositing that money into the Washington black-hole, let



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me spend it on growing the company, hiring more employees, and generating ... economic growth. My employees will enjoy [the benefits of that growth] in the form of promotions and better salaries. But that is not what our current Government wants you to believe. They want you to believe that it somehow makes sense to take more from those who create wealth and give it to those who do not, and somehow our economy will improve. They don't want you to know that the "1%", as they like to label us, pay more than 31% of all the taxes in this country ...

Siegel then focuses on the reality: Not only are his taxes high and getting higher, not only is ObamaCare set to unleash additional costs and taxes and regulations on business owners ([forcing companies like Darden Restaurants to limit their employees' hours](#)), but he's getting tired of the hassle. He has enough money to live on nicely for the rest of his life and leave a nice inheritance to his children.

If Obama is reelected, Siegel is at least going to lay off some, perhaps many, of his people:

So where am I going with all this? It's quite simple. If any new taxes are levied on me, or my company, as our current President plans, I will have no choice but to reduce the size of this company. Rather than grow this company I will be forced to cut back. This means fewer jobs, less benefits and certainly less opportunity for everyone...

Or Siegel could just bag it altogether and head out of Dodge:

You see, I can no longer support a system that penalizes the productive and gives to the unproductive. My motivation to work and to provide jobs will be destroyed, and with it, so will your opportunities. If that happens, you can find me in the Caribbean sitting on the beach, under a palm tree, retired, and with no employees to worry about.

Ayn Rand would be proud. If Siegel closes down his company, he'll join the ranks of [those other entrepreneurs who bagged it in Atlas Shrugged](#).

Photo: Sylvester Stallone, Nevada Governor Jim Gibbons, and David Siegel celebrate the topping-off of PH Towers Westgate in Las Vegas, 2008: AP Images



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