

Spurned Slots-Seekers Critical of Pennsylvania Gaming Board

Harrisburg, Pennsylvania (AP) – Spurned suitors for a license to operate a slot-machine casino in Pennsylvania claimed that state regulators illegally made their decisions in private, ignored one winning applicant's financial troubles and allowed another to skirt the rules to help him win.

The rejected applicants will get a chance to make those points in person on May 15, when the state Supreme Court hears oral arguments on challenges to the slots licenses awarded Dec. 20 by state gambling regulators.

Their arguments were outlined in briefs dozens of pages long filed Monday with the court. Separate confidential briefs were also filed, containing information from the applicant's files that the Pennsylvania Gaming Control Board has withheld from public view.

The gaming board will have a chance to respond in its own briefs to the Supreme Court, which are due April 23. A spokesman said Tuesday that the agency is confident it will prevail in court.

„The board is sure that the record will support its decisions and that the process used to determine awards was not only designed to assure fairness to all parties, but was applied consistently by us throughout the licensing process,“ spokesman Doug Harbach said in a statement.

In its brief, a group led by the founders of the Planet Hollywood restaurant chain, which proposed building the Riverwalk Casino in Philadelphia, said the gaming board had no legal basis to deliberate in private on the applicants before

voting in public.

The gaming board has insisted that it has the right to quasi-judicial deliberations.

„Such interpretation would be contrary to the Sunshine Act’s purpose of ensuring public witness to government deliberations and decision-making,“ the Planet Hollywood group wrote in its brief.

Because the deliberations were private, it is impossible to know whether two gaming board members who each recused themselves from voting on one Philadelphia application did not try to influence the decisions, the group wrote.

Riverwalk lost out to groups led by Chicago billionaire developer Neil G. Bluhm and the Connecticut-based Mashantucket Pequot Tribal Nation.

Even before the gaming board deliberated, the panel had repeatedly showered favoritism on northeastern Pennsylvania businessman Louis A. DeNaples, according to a brief by a competing group led by New Jersey developer Greg Matzel.

Both had sought to build in the Pocono Mountains in northeastern Pennsylvania.

DeNaples, a politically connected businessman with interests in landfills, auto parts and real estate, was repeatedly allowed to skirt rules designed to allow competitors to critique each other’s plans, Matzel’s group said.

Changes to DeNaples’ application continued practically up until the gaming board’s vote, almost a week after the panel was to have stopped considering any new material, Matzel’s group said.

In Pittsburgh, the two losing applicants – groups led by developer Forest City Enterprises Inc. and Isle of Capri Casinos Inc. – attacked the financial background of the

winning applicant, Detroit developer Donald H. Barden, saying it does not foreshadow the successful operation of a casino.

The holding company for four of Barden's five casinos, The Majestic Star Casino LLC, has lost money seven of the last nine years while its debt levels have increased, according to financial statements filed with the U.S. Securities and Exchange Commission and cited by Forest City.

Barden also plans to borrow all the money to build his USD 435 million facility in Pittsburgh's stadium district, Forest City said.

Barden's Pittsburgh casino will be under its own holding company, although he is the controlling shareholder and the gaming board studied Majestic Star to get a sense of his financial history.

„The stark reality is that all of the trends and objective data clearly and powerfully demonstrate just the opposite of the positive fitness and suitability conclusions reached by the board,“ Forest City said in its brief.

Las Vegas Sands Corp. was also among those receiving a license.