

By JOHN HANNA

TOPEKA, Kan.

Kansas regulators gave an Iowa company permission Friday to build a state-owned casino south of Wichita after concluding that misdemeanor charges against the firm and two top executives in their home state shouldn't stop the project.

The Kansas

Racing and Gaming Commission approved background reports on Peninsula Gaming of Dubuque, Iowa, and seven of its officers, along with the company's contract with the Kansas Lottery to build and run the casino. Peninsula expects to break ground on in Mulvane by April and open a temporary casino in February 2012.

The state would claim at least 22 percent of the revenue -- the percentage rises as revenues do -- because under Kansas law, the lottery owns the rights to the new gambling and the gambling equipment. The state's share is expected to be \$35 million in the first full year the casino operates off the Kansas Turnpike, 18 miles south of Wichita.

Peninsula overcame questions -- for now -- about a criminal case in Iowa involving the company, chief executive officer Brent Stevens and chief operating officer Jonathan Swain. They're charged with illegally making contributions in the name of others to former Iowa Gov. Chet Culver's unsuccessful re-election campaign last year.

The firm and its executives have said repeatedly they committed no wrongdoing and they're set to go to trial in June. But incoming Kansas Gov. Sam Brownback said last month he had "real qualms" about Peninsula, and critics of its \$260 million project repeatedly mention the criminal charges.

Stevens said after Friday's meeting, he was certain he and the others would be vindicated.

"We believe in the system," he said. "We believe that the system ultimately does allow for the truth to come out."

The commission met in private to review background reports on Peninsula and its executives and didn't discuss them or debate the lottery contract before voting. But afterward, Chairman William Falstad said most members didn't want to slow down the project while they wait for the criminal case to be resolved.

"Obviously there was a lot of discussion about it and a lot of interest," said Falstad, of Fredonia, the former president of a printing company. "We felt that, at one point in time or another, it's going to be resolved one way or the other, and at that time, we may have to take up an issue."

The lone dissenter among the five commissioners in a series of votes was Barry Schwan, president of a Wichita beer wholesale company. He didn't want to approve the background reports on Stevens or Swain or Peninsula's contract with the lottery.

"Our vote was just a little bit premature, considering the pending litigation up in Iowa," he said. "I have no problem with the company itself."

The commission heard testimonials about the company from local officials and representatives of two local unions, who see the project generating hundreds of construction jobs. Peninsula's critics and gambling opponents had hoped the commission would at least delay a decision. A separate review board had picked the Peninsula project from among two proposals, and commission approval was step before construction.

Paul Sutherland, a contractor who lives about 2 miles from the casino site, said he and other opponents already have talked to state legislators about intervening.

"It's a bad day," he said. "They really didn't do the steps they should have done."

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The commission will oversee the casino, and chief counsel Patrick Martin made a point of noting it will have to sign off on a myriad of details on how the casino will operate. The commissioners also have the authority to intervene if they're not pleased.

Stevens already has promised that he or Swain would remove themselves from the project if they were convicted in Iowa. He said the contract with the lottery allows it to give the project to another firm if Peninsula is disqualified.

"It would not affect this project at all," Stevens said. "But let me be equally clear: We are very confident in our position in this case."

Online:

Kansas Racing and Gaming Commission: <http://krgc.ks.gov/>

Peninsula Gaming: <http://www.peninsulagaming.com/>

Kansas governor: <https://governor.ks.gov/>

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<http://krqc.ks.gov/>

<http://www.peninsulagaming.com/>

<https://governor.ks.gov/>: <https://governor.ks.gov/>

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