

Pa. gaming board report defends Foxwoods ruling - Philadelphia Inquirer

Written by Administrator
Thursday, 27 January 2011 02:03 -

Calling a gaming license in Pennsylvania "a privilege, not a right," the state's Gaming Control Board said Wednesday that the Foxwoods Casino partners abused that honor and deserved to have their license revoked.

In a 50-page decision, Board Chairman Gregory C. Fajt defended with sharp words the 6-1 decision Dec. 16 to take away the Foxwoods license - the first revocation since Pennsylvania legalized casino gambling in 2004.

The Foxwoods investors, Philadelphia Entertainment & Development Partners (PEDP), have appealed the action in Commonwealth Court.

PEDP and its lawyers, Fajt wrote, "point to countless villains to avoid revocation, yet repeatedly avoid the place where fault will most surely be found, the mirror."

In the board's first explanation of its December decision, Fajt said licensees were "not entitled to infinite grace periods."

F. Warren Jacoby, an attorney for PEDP, said he received a copy of the document at 4:04 p.m. Wednesday and had "not had an opportunity yet to review and consider the holdings and rationale of the board."

Fajt wrote that the Foxwoods group had 15 months to comply with a board order setting conditions and deadlines for opening a casino by May 29.

But PEDP had trouble meeting the terms of that order for two reasons. First, Las Vegas casino operator Steve Wynn backed out of a deal to take over the project in April. Then, a replacement agreement with Harrah's Entertainment, now doing business as Caesars, was not finalized by a board vote Dec. 16.

"The board has not been impatient or ignored PEDP's efforts," Fajt wrote. "Far from it. Rather, PEDP has failed to avail itself of the board's repeated opportunities for it to come into compliance."

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PEDP won a competitive bidding process in 2006 for one of two slots licenses in Philadelphia. The project was a partnership between the Mashantucket Pequot tribe of Connecticut and an investor group led by Comcast-Spectacor chairman Ed Snider, developer Ron Rubin, and entrepreneur Lewis Katz.

The partners planned on spending \$560 million for a 90,000-square-foot casino with 3,000 slot machines on Columbus Boulevard between Tasker and Reed Streets. The scope of the project was reduced in size by a third and to a cost of only \$275 million, with Harrah's instead of the tribe's Foxwoods business running the casino.

The board decided the PEDP was not financially suitable to continue to possess a license.

Fajt said PEDP wanted to be judged on its ability to attain financing, as opposed to its ability to maintain financing and operations.

The group "claims that as long as it keeps making chugging noises and saying, 'I know I can,' the board should allow it to do so," he wrote.

PEDP has not "put a spade in the ground," while 10 other licensees around the state are operating casinos, Fajt said.

Millions of dollars in tax revenue has been lost, he added, and thousands of jobs "have remained mired in PEDP's inability not only to commence operations, but also to unlock the chain-link fencing around its vacant, overgrown piece of riverfront property."

In a dissenting opinion, Commissioner James B. Ginty wrote that he was concerned that if the legislature decided to put the PEDP license out to bid across the state, it could result in lost jobs and tax revenue for the City of Philadelphia.

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Contact staff writer Jennifer Lin at 215-854-5659 or jlin@phillynews.com .

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