

Written by Administrator
Tuesday, 01 February 2011 19:56 -

February 01, 2011, 8:50 PM EST

By Karen Gullo

Feb. 1 (Bloomberg) -- The owners of Hard Rock Hotel & Casino in Las Vegas filed a lawsuit to prevent lenders from foreclosing on the

property and selling it on the courthouse steps in Manhattan on Feb. 7.

Entities created by Hard Rock Hotel Holdings LLC, a joint venture that includes Morgans Group LLC, said in a complaint that the lenders don't have the right to conduct the foreclosure because they don't have approval from the Nevada Gaming Commission and their claims of loan default are "non-existent or not material," according to documents filed today in New York state Supreme Court in Manhattan.

Hard Rock Hotel entities had a 2007 loan agreement for \$1.36 billion that was restructured in 2009. In January, a lender told the owners that they had breached covenants and on Jan. 28 sent a notice of its intent to dispose of the borrower's equity interest in a public sale on Feb. 7, according to the complaint.

The lawsuit seeks a court order that the foreclosure notice violated the 2009 loan agreement because there was no default and the foreclosure is barred.

Morgans Hotel Group Co., the luxury hotel company founded by Ian Schrager, the co-creator of Studio 54, a famed New York night club in the 1970s, purchased the Hard Rock Hotel & Casino in Las Vegas for \$770 million in 2006.

The case is HRHH Gaming Junior Mezz LLC v. NRFC HRH Holding LLC, 650273/11, New York Supreme Court, Manhattan.

--Editors: Peter Blumberg, Michael Hytha

Hard Rock Casino Owners Seek to Block Feb. 7 Foreclosure Sale - BusinessWeek

Written by Administrator

Tuesday, 01 February 2011 19:56 -

To contact the reporter on this story: Karen Gullo in San Francisco at kgullo@bloomberg.net.

To contact the editor responsible for this story: David Rovella at drovella@bloomberg.net

[Powered By WizardRSS](#)

Source: <http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNH6nigsECG-QIAZ9ZzL7NYX3UxNXA&url=http://www.businessweek.com/news/2011-02-01/hard-rock-casino-owners-seek-to-block-feb-7-foreclosure-sale.html>