

Hard Rock Hotel in Las Vegas files lawsuit over lender's foreclosure plans - Las Vegas Sun

Written by Administrator
Wednesday, 02 February 2011 11:48 -

By [Steve Green](#) ([contact](#))

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Rock Hotel & Casino <![CDATA[div.gmnoprint span { display: none; }]]>**Map of Hard**
[Hard Rock Hotel & Casino](#)

4455 Paradise Road, Las Vegas

A company trying to foreclose on the [Hard Rock Hotel](#) in Las Vegas has no right to do so and is trying to gain a tactical advantage over more senior creditors, the casino charges in a new lawsuit.

Entities created by the Hard Rock filed suit in New York Supreme Court on Tuesday against an entity created by NorthStar Realty Finance Corp. of New York.

NorthStar's entity, NRFC HRH Holdings LLC, [disclosed plans on Friday](#) to foreclose on its interest in the Las Vegas property, the Hard Rock said in its lawsuit.

"Plaintiffs bring this action for declaratory and injunctive relief to prevent defendant NorthStar from foreclosing on a major Las Vegas hotel-casino and destroying plaintiffs' equity value as a consequence," the lawsuit says.

The Las Vegas Hard Rock called NorthStar's allegations of default "non-meritorious" and complained NorthStar wants to foreclose with just five days' notice.

"That horribly rushed effort could under no circumstances be commercially reasonable, as it takes months to sell a major hotel-casino," the Las Vegas company complained. "Moreover, this

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last-minute attempted foreclosure is to take place two days before the maturity of substantial debt senior to the NorthStar loan, making it perfectly clear that NorthStar's efforts are tactical and self-centered, rather than some legitimate attempt to vindicate its legal rights."

That substantial debt maturing on Feb. 9 totals \$1.25 billion -- the vast majority of the property's \$1.36 billion credit facility, the Hard Rock said.

The Hard Rock, with 1,500 rooms and some 2,800 employees, said Nevada law requires pre-approval for NorthStar's plan to foreclose on its collateral: the equity interest in the corporate entities that own the hotel.

But NorthStar has not obtained that preapproval from the Nevada Gaming Commission, the Las Vegas company complained.

Adding to the complexity of the dispute, the Las Vegas Hard Rock said it's not behind on payments to NorthStar.

Rather, the alleged default notice of Jan. 6 relates to the Las Vegas casino allegedly entering an agreement to rent entertainment venues, which NorthStar complained violated loan provisions. NorthStar also asserted that the Las Vegas Hard Rock is not solvent and has "not maintained adequate capital for the normal obligations in a business of" its size and character.

The venue rental agreement was for GNA Talent LLC to engage disc jockey Tijs Verwest, also known as Tiesto, to perform at various Hard Rock venues 16 times through 2011, the lawsuit said.

NorthStar alleges the venue agreement was an event of default as it involved an improper transfer of value that was not executed in accordance with the loan agreement. The Hard Rock denied this.

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The Las Vegas Hard Rock is majority owned by a subsidiary of international financial giant Credit Suisse AG. Its manager and minority owner is Morgans Hotel Group of New York.

The Las Vegas property is mired in trademark litigation with the owner of the international Hard Rock brand and it [posted a loss of \\$31.3 million in the third quarter](#) .

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