

Funding uncertain in Milford casino bid - Metro

Written by Administrator
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Another major gambling company has run into difficulty in Massachusetts as state investigators revealed Wednesday that they could not complete their background check of the Foxwoods-backed casino proposal in Milford because it has yet to identify a major source of its funding.

The Milford partnership said it is in final negotiations with two entities that could provide the needed 55 percent of equity funding, and promised an announcement soon.

“I would say within a week but hopefully within days,” Foxwoods chief executive Scott Butera told the Massachusetts Gaming Commission Wednesday, at a hearing called to discuss the monthslong background check into the group. “I think we are very close with either one of two partners.” He did not disclose the potential partners during the public hearing, saying the names must remain confidential during negotiations.

The news that the Milford casino group is still missing a major piece of financing comes less than a week before voters there decide a life-or-death referendum on the project, scheduled for Tuesday.

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Foxwoods and its partners are looking to break a string of high-profile losses for gambling companies in Massachusetts, including the Nov. 5 failure of a Suffolk Downs casino proposal in East Boston and a Mohegan Sun gambling plan in Palmer — two projects, like the Milford casino bid, that had been years in the making.

The Milford group asked the commission Wednesday to deem the group suitable to bid, with the condition that the partnership sign a new, suitable equity partner before casino bids are due at the end of the year.

The commission will discuss the findings of its investigators in private and issue a written

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decision on whether the group will be permitted to bid for the license. Commission chairman Stephen Crosby said the panel will make every effort to issue its decision before Tuesday's vote.

The Milford group, known as Crossroads Massachusetts, is seeking the sole Greater Boston casino license, expected to be the most lucrative gambling license in the state. The other competitors are Wynn Resorts, which is proposing a casino on the Mystic River waterfront in Everett, and possibly a revised Suffolk Downs proposal. The track's owners are trying to recover from their rejection by East Boston voters by shifting the entire project over the city line into Revere, which endorsed the project on Nov. 5.

The intense state background checks have so far tripped up several Massachusetts casino applicants, most notably Caesars Entertainment, one of the biggest names in the industry. Caesars was dropped from the Suffolk Downs proposal in October after investigators recommended the company be disqualified from bidding. Investigators had raised red flags over several items, including a Caesars branding deal with a hotel company owned in part by a businessman alleged to have ties to Russian mobsters. Casino opponents in East Boston say the sudden departure of Caesars may have been a tipping point that sent the project to defeat there.

Background checks also led Ourway Realty, which had proposed a slot parlor at Plainridge Racecourse, to be disqualified after state investigators discovered that a key figure in the bid had taken more than \$1 million from the track's money room.

Another company, Penn National Gaming, which passed background checks, is now pursuing a slots license at Plainridge.

Karen Wells, director of the gambling commission's Investigations and Enforcement Bureau, told commissioners Wednesday that she did not have a complete picture of who would own the Milford casino, and could not offer a recommendation on whether the partnership should be deemed suitable to pursue a license.

Any new partner would also have to pass background checks before the year-end deadline for casino applicants to submit all remaining plans and documents to complete their bids; Wells

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would not guarantee that investigators could complete the mandatory vetting of any new partners before the deadline.

“I’m kind of throwing my hands up,” Wells said.

David Nunes, the Milford project’s chief development officer and the face of the proposal for about five years, said negotiations with partners got off to a late start, because of reluctance from major companies to engage in serious talks until the proponents had completed negotiations with Milford officials on a host agreement, as required by state law.

“That was only five weeks ago,” said Nunes. “Milford made us go through a very extensive public process, much more so than any other community in the state.”

The local casino opposition group on Wednesday quickly jumped on revelations from the background investigation.

“It has been the position of Casino-Free Milford that Foxwoods would not make a good business partner,” the group’s cochairman Steve Trettel said in a statement. “The Gaming Commission revealed additional issues regarding the suitability of Foxwoods, which only reinforces that position.”

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