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Of the five would-be owners of a second Philadelphia casino, only two - Bart Blatstein and Joe Procacci - are new to Pennsylvania's casino industry.

It's not clear whether it matters to the Pennsylvania Gaming Control Board that the other proposed ownership groups have members with significant stakes in or full ownership of Pennsylvania casinos.

Ira Lubert, for example, who would own 25 percent of Market8, already owns 50 percent of the Valley Forge Casino with his son. Lubert, a leading investment manager in the region, also owns 2.8 percent of Rivers Casino in Pittsburgh.

The gaming board will meet this week, but a vote on the second Philadelphia casino is not planned. Board chairman William H. Ryan Jr. has said it was his goal to make a decision within 60 days of Feb. 26, when the record was closed.

The 2004 law that legalized casino gambling in Pennsylvania addressed competition broadly, to ensure "broad economic opportunities" in the state.

In specific terms - "to prevent possible monopolization" - the law restricted ownership to 100 percent of one casino plus 33.3 percent of another.

The rule does not affect Lubert, but it has led to legal gymnastics by Penn National Gaming Inc., which already owns a casino in Grantville, Pa., and by the owners of Parx Casino. Both have proposed casinos in South Philadelphia.

In gaming board testimony last month, John F. O'Riordan, an attorney for Procacci's proposed Casino Revolution in South Philadelphia, said the owners of Parx, Greenwood Gaming & Entertainment Inc., should not get another license.

"To give Parx a casino license in South Philadelphia while they have one sitting right on top of the northern tip of Philadelphia would be essentially granting them a monopoly over Philadelphia gambling," O'Riordan said.

Greenwood Gaming's partner for the proposed Live! Philadelphia is Cordish Cos. of Baltimore, which would own 50 percent of the casino.

The trick for Greenwood Gaming, which is controlled by Watche "Bob" Manoukian, an ethnic Armenian who lives in London and Southern California, is that Greenwood cannot own more 33.3 percent of a second casino here.

To get around that restriction, Manoukian set up a trust, Sterling Investors Trust, with his sons as the economic beneficiaries, that would own enough of the South Philadelphia casino to keep Greenwood and Manoukian in compliance with the "one-and-a-third rule."

But Manoukian's role as officer, director, and sole legal owner of the entity that oversees Sterling led to questions about Manoukian's compliance at a January hearing.

"The term *ownership* in the Gaming Act has been interpreted to mean equitable ownership. And there's no doubt who has the equitable ownership here. It's the beneficiaries of the trust," Greenwood's attorney, Alan C. Kohler of Eckert Seamans, told the gaming board in January.

The distinction is not so clear, said Cyrus Pitre, director of the board's office of enforcement counsel.

To be safe, Manoukian's group restructured the trust to bring Manoukian's total stake in Live! down to 33.09 percent, according to a brief filed with the gaming board on Feb. 10.

At Market8, such legal maneuvers were not needed because of smaller ownership interests. The Mohegan Indian tribe of Connecticut owns 100 percent of Mohegan Sun at Pocono Downs in Wilkes-Barre but would own only 16 percent of Market8.

Penn National Gaming, which broke ground Friday for a slots parlor in Massachusetts, used a tactic similar to Greenwood's to get around the "one-and-a-third" rule.

The Wyomissing, Pa., company created a tax-exempt organization that would own two-thirds of the proposed Hollywood Casino Philadelphia and that would funnel money to Philadelphia's public schools and city pension funds.

That two-thirds stake is worth less than it seems. The nonprofit would collect two-thirds of net cash flow. That's the amount left after management fees paid to Penn National, rent paid to a landlord, licensing and branding fees to use the Hollywood Casino name, plus debt service.

Penn National would collect $278 million during the first 15 years, towering over the $115 million for the nonprofit, according to projections from the Philadelphia Controller's Office.

Gaming commissioner Keith R. McCall was skeptical of the nonprofit's status as as an owner if it's not paying for its stake.

"If there's no consideration, if they have no control over the project, they're not contributing financing, no capital, no land or management over the project, not liable for losses or capital contributions, how could they be considered an owner?" he asked in January.

Penn National's attorney, Steven E. Bizar of Buchanan, Ingersoll & Rooney P.C., acknowledged the nonprofit was a creature of the law.

"We need to have a structure that allows Penn to have a one-third interest, because they can't exceed the ownership interests under the law," he said.

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