

# SunCruz looks for a new home port

The casino boat line that helped sink Washington, D.C., super-lobbyist Jack Abramoff may soon help keep the Port of Palm Beach afloat.

Port commissioners are scheduled to vote Dec. 1 on a contract with SunCruz Casinos to operate a 600-passenger day-cruiser out of the financially strapped port.

The deal comes up as port revenue suffers from the departure of two passenger vessels this year: the Cloud X ferry and the Big Easy casino ship.

Port Director Lori Baer urged commissioners to approve the contract Thursday, saying the deal could bring the port as much as USD 400,000 a year in revenues.

“It has been a top priority, to increase our passenger operations,” she told the five-member commission. „We do have an unused slip and an under-used terminal.“

The commissioners decided to postpone the vote two weeks to allow time to review the contract.

## **Links to Abramoff**

Abramoff, a former SunCruz co-owner, entered prison Wednesday to start a 5-year, 10-month sentence stemming from his fraudulent purchase of the casino boat fleet in 2000. His plea agreement to testify about his corrupt lobbying practices put him at the center of one of the most far-reaching influence-peddling scandals in U.S. history.

Investigations continue to implicate members of Congress and their aides.

In light of the failure of past passenger ship businesses at the port, commissioners prodded Baer for more details about the financial status of Ocean Casino Cruises, which bought the cruise line out of bankruptcy in April 2004 and does business under the SunCruz name.

“They have made money and are operating vessels,” Baer replied.

Over the past year the port has needed to use cash reserves to balance its budget and anticipates doing so again this year, partly because its 6-year-old, USD 27.5 million cruise terminal has never had the cruise traffic it was intended to attract.

The only remaining passenger ship berthed there, the Palm Beach Princess gambling boat, accounts for 12 percent of the port’s annual revenues.

While that ship is successful, port officials said, Securities and Exchange Commission filings show that its parent company, ITG Vegas, has been laboring under so much corporate debt that a major creditor has been threatening to foreclose.

## **Deal Details**

Baer, who described SunCruz as the nation’s largest owner/operator of casino cruise ships, said the proposed agreement was negotiated over 14 days. The deal called for a one-year contract with options for four one-year extensions.

The 165-foot-long SunCruz VI, currently at Mayport, near Jacksonville, could be running day cruises out of the Port of Palm Beach by mid-December, Baer said.

It formerly operated out of a pier in Hollywood.

Greg Karan, executive vice president of SunCruz Casinos, said the U.S.-flagged ship could draw from the company’s 1,000 employees at several Florida ports to staff the quick start-

up.

Karan expressed no concern about competing with the Palm Beach Princess.

ITG Vegas executive Francis X. Murray said by e-mail Thursday he had "very strong issues" regarding the potential arrival of a casino ship that would compete with his.

He only learned of the contract agenda item two days earlier and could not attend the commission meeting. He declined to comment further, citing litigation between his company and the port.

SunCruz is emerging from years of controversy surrounding the financial dealings of its former owners – and the gangland-style murder of one of them.

Abramoff and partner SunCruz Adam Kidan admitted to fabricating a USD 23 million wire transfer, making it appear to a lender that the two were contributing a sizable amount of cash toward the USD 147.5 million purchase of SunCruz Casinos from Miami businessman Konstantinos "Gus" Boulis in 2000. Based on that false wire, lenders Foothill Capital Corp. and Citadel Equity Fund Ltd. provided Abramoff and Kidan USD 60 million for the deal.

A few months after the SunCruz sale, Boulis was gunned down near his Fort Lauderdale office. Three men were arrested in September 2005 and charged with murder.

Kidan pleaded guilty last December to one count of conspiracy and one count of wire fraud. Like Abramoff, he was sentenced March 29 to 5 years, 10 months in prison, and they were ordered to pay USD 21.7 million in restitution.