

Suit can proceed in alleged casino deal double-cross

Atlantic City – A former Atlantic City gaming executive who claims she was cheated out of a job after secretly helping financial giant Morgan Stanley on a billion-dollar casino project has won a ruling that keeps her lawsuit alive.

Audrey S. Oswell, former president and chief executive officer of Resorts Atlantic City, sued Morgan Stanley last October in a case involving allegations of double-dealing, corporate intrigue and fraud.

U.S. District Court Judge Jerome B. Simandle, in a 32-page ruling Monday, dismissed Oswell's fraud allegation and two other charges against Morgan Stanley, but allowed her to continue to pursue her breach-of-contract claim.

In denying Morgan Stanley's motion to throw out the entire suit, Simandle also kept alive Oswell's claims that the New York investment company used her to misappropriate trade secrets and reneged on its promise to make her a partner in the casino deal.

"From our view, everything in the litigation is all breaking in Audrey's favor at this point and against Morgan Stanley," Charles A. Ercole, a Philadelphia attorney representing Oswell, said in an interview Friday.

Morgan Stanley spokesman Mark Lake said the company is pleased that the judge dismissed three of Oswell's claims and will vigorously contest the remaining charges. He maintained the suit is "without merit."

Oswell contends Morgan Stanley agreed to make her the chief executive of its project in exchange for brokering a deal for the 20-acre site where the casino is planned. Her suit

contains the extraordinary admission that she secretly worked with the company to acquire the property even though she was still under contract at that time to Resorts, a competitor of Morgan Stanley.

Resorts International Hotel Inc. filed its own lawsuit against Morgan Stanley in January, claiming that the investment firm improperly used one of Resorts' executives, Oswell, to gain an inside track on the land. Resorts wants the property for itself and has asked the court to put the land in trust until the case is resolved.

Morgan Stanley has teamed up with Revel Entertainment to develop oceanfront property next to the Showboat Casino Hotel into a megaresort. Preliminary site work has begun on the project, with a grand opening planned in 2011. Revel initially estimated a project budget of USD 1 billion, but acknowledged recently that the cost may actually come in closer to USD 2 billion.

Morgan Stanley bought the property last year from an investment group for USD 74 million. Morgan then hired Revel last fall to develop and operate the casino, which left Oswell out of the project and prompted her claims that she was double-crossed.

"In exchange for Ms. Oswell's information, contacts and services in brokering the deal, Morgan Stanley agreed to pursue a business venture to develop the property as a casino, and to make her a member/partner on the deal and to employ her as president and CEO," the suit alleges.

Morgan Stanley doesn't deny that it ever talked to Oswell, but said the only documents she may have given the company consisted of tax maps, environmental studies and other publicly available information about the property – not the "trade secrets" she claims in her suit.

Ercole, Oswell's attorney, said depositions will be taken in

the next two months from key players in the dispute, including Michael Garrity, Morgan Stanley's point man on the casino project, Sam Sobel, a former owner of the oceanfront property, and Nicholas L. Ribis, vice chairman of Resorts. Oswell will also be deposed. Ercole said the case is moving toward a trial this fall.

"I think once a jury ultimately decides how Morgan Stanley mistreated Ms. Oswell, she will be vindicated," he said.

Oswell abruptly resigned from Resorts in March 2006. She now works as chief operating officer of the Cosmopolitan Resort Casino, a USD 2 billion project under construction on the Las Vegas Strip. She did not return a call to her office Friday seeking comment.