

Detroit-area investors to buy 40 % stake in Greektown Casino

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Owners of the Greektown Casino may sidestep a potential state-ordered sale after a group of suburban businessmen announced it will invest USD 100 million in the struggling downtown Detroit gambling operation.

The casino's owners, Greektown Holdings LLC, already had missed an April deadline from the state to bring its financial performance up to required levels, and saw its debt downgraded in April by two major rating agencies over fears the state would force a sale by the end of June. Now, Bloomfield Hills-based Entertainment Interests Group, says it will buy a 40 percent stake in Greektown.

Led by Jerry Campbell, founder and former chairman of Republic Bancorp, the group's other principals include investors Robert and Gregg Orley, Jon Weaver and Lawrence Lax. Campbell also is behind the Pinnacle Race Course, a development near Detroit Metropolitan Airport on 320 acres in Huron Township.

The Sault Ste. Marie Tribe of Chippewa Indians is the majority owner of Greektown Holdings. The casino had missed an April 30 deadline from the gaming control board to find a partner to help finance completion of the permanent casino.

Last year, the Sault St. Marie Tribe was USD 79 million short of state-required income levels, or income-to-debt ratios, at the casino and projected it would not hit levels required by its lenders and its operating agreement with the state in 2008. The gaming board monitors the debt ratios for each of

the city's three casinos to ensure the casinos meet their obligations. A deal to sell a 22 percent stake to Detroit businessman Tom Celani, a previous investor in MotorCity Casino, fell through earlier this year.

Greektown faces increased competition from the MGM Grand Detroit and MotorCity casinos. Greektown is the last of Detroit's three gambling palaces completing extensive renovations from „temporary“ facilities to permanent hotel casinos. MGM opened its permanent facility in October, and MotorCity is mostly open, while Greektown projects its permanent casino hotel won't open until early 2009.

February gaming revenue at Greektown Casino fell 6.9 percent to USD 27 million from USD 29 million from the same month a year ago, the gaming board said. „It's no secret we have been seeking ways to improve our competitive position, to reduce our debt, and to shore up our management,“ said Tom Miller, a Sault Tribe board member and chairman of the Greektown Casino management board in a written statement.

Greektown and other casinos will likely face another sluggish year. Gaming is down nationally about 5 percent and that downturn should remain for the year, said William Thompson, a gaming authority and professor at University of Nevada-Las Vegas.

Thompson said he was skeptical about expanded casinos with hotels in Detroit. „It's still not clear to me that the hotels will work in Michigan,“ Thompson said. „I don't think you will get a huge influx of tourists and I don't think the people who will stay at the hotels will necessarily hit the gaming floor.“