

Harrah's sued over Bahamas resort venture

Casino firm Harrah's has been accused by its joint venture partner in a USD 2.6 billion Bahamas resort project of fraud in trying to end their deal to build the resort, according to a court filing.

The dispute is over a deal announced in January 2007 between resort operator Baha Mar Resorts Ltd and casino company Harrah's Entertainment to build a resort in the Bahamas. Starwood Hotels & Resorts Worldwide Inc was to manage four hotels at the resort.

However, the project hit the rocks in March 2008, when Caesars Bahamas, a unit of Harrah's, sent a letter to Baha Mar saying delays in the project meant there was „considerable doubt“ about whether it could be financed, given the deteriorating debt markets, according to the suit.

The suit was filed with New York Supreme Court in June, but was kept under seal until November 21, a representative for Baha Mar confirmed. Caesars Bahamas sought a judgment in March from a New York Supreme Court judge that it validly exercised its right to terminate the agreement, according to the filing.

Baha Mar alleged that prior to publicly affirming their commitment to the project, Caesars Bahamas and Harrah's were „secretly and improperly plotting to delay or pull out of the project and ... avoid contributing their USD 212 million share of equity.“

Baha Mar argues it should be awarded money damages in an amount to be determined at trial „for the harm they have suffered as a result of the ... fraudulent misrepresentations.“ A spokesman for Harrah's said the company doesn't comment on pending litigation.

Harrah's was bought by private equity firms Apollo Management LP and TPG Capital LP for USD 17.3 billion in January. Apollo declined comment, and TPG did not immediately return calls for comment.