

Speedway owner teams on Binion's Horseshoe purchase

Don't write off the name „Binion's“ too soon.

That will be the eventual name for downtown's Binion's Horseshoe if MTR Gaming Group's deal to buy the hotel-casino is approved by Nevada gaming regulators, MTR Chief Executive Ted Arneault said today.

West Virginia-based MTR Gaming, a racetrack operator that also owns the Speedway casino in North Las Vegas, may have a tough time competing in the competitive downtown casino market, an industry source said today.

MTR Gaming Group would buy the property, but Harrah's Entertainment would operate it initially as soon as March.

The complicated deal allows Harrah's to retain the intellectual property rights to the Horseshoe brand name in Nevada and to the World Series of Poker, its chief reasons for agreeing to buy the property from owner Becky Binion Behnen after the downtown casino was closed because of its depleted bankroll.

MTR Gaming on Wednesday applied for a gaming license to buy Binion's Horseshoe as part of a deal that would see Harrah's Entertainment operate the property. Harrah's has a one-year operating agreement to run the property, with options to extend for two additional years.

„Harrah's gets the Horseshoe name and we get the Binion's name,“ Arneault said Thursday. „The property is in the right place, at the right price, at the right time.“

Arneault declined to say how much MTR was paying for the property or the terms of the proposed Harrah's operating

agreement.

Industry sources estimated that MTR would pay between 15 million USD and 20 million USD for the buildings.

Arneault said discussions with Harrah's about his company buying the property began about one month ago, right after Harrah's began talks with Behnen.

He said MTR is excited to be entering the downtown market.

„I like downtown,“ he said. „I think it has a lot of appeal.“

One industry source questioned whether MTR and Arneault have the expertise to operate in the downtown market.

Harrah's would operate the property once the licenses are granted but would transfer operation to MTR Gaming once the West Virginia-based operator is able to organize and staff the casino.

Sources said Harrah's hopes to reopen the Horseshoe no later than April 1, plenty of time before the scheduled April 21 kickoff of the poker tournament.

Behnen was forced to close the casino on Jan. 9 after U.S. marshals and lawyers for the Culinary's parent union entered the casino with orders to seize about 2 million USD, a move that depleted the casino's bankroll.

„I'm very happy about the reopening,“ Culinary Union Secretary-Treasurer D.Taylor said today. „Anything that gets it open is fantastic.“

He predicted that almost all of the Horseshoe's 450 union workers will be called back to work, noting that the property was a lean operation at the time it closed. The Horseshoe work force dropped from 1,700 in mid-2002 to about 800 in January.

Taylor said Culinary staff had yet to talk to MTR executives,

and had not yet studied MTR's ability to run the property.

Harrah's spokesman Gary Thompson confirmed his company's license application before declining additional comment on the deal.

State Gaming Control Board Chairman Dennis Neilander said regulators are working hard to make sure the applications can be considered by regulators in early March.

As current Nevada licensees, MTR and Harrah's won't have to wait for months while Control Board investigators check backgrounds of the companies and their executives. Neilander noted that both companies have recently appeared before regulators, and said he anticipated no regulatory impediment to the proposed reopening of the casino.

MTR would not own the ground under Binion's Horseshoe, which would still be owned by seven different land owners who have the right to collect lease payments from the hotel-casino's operators.

MTR – commonly called Mountaineer Gaming after Mountaineer Race Track & Gaming Resort, a parimutuel racetrack with slots, in Chester, West Va. – would have Harrah's operate the property until it is ready to staff the landmark property.

In documents filed Wednesday with the Control Board, Speakeasy Gaming of Fremont, a wholly owned subsidiary of MTR, said it would open the property under its Binion's Horseshoe name as soon as the new owner and operator are licensed.

Neilander said regulators are trying to finish work on the applications in time to allow the Control Board and Nevada Gaming Commission to schedule special meetings on March 3 to consider them.

The Nevada Gaming Commission voted 3-2 in October to grant MTR Gaming a nonrestricted license after having previously granted

the company only licenses with two-year limitations, citing questions about the company's management practices.

Arneault said the new license without a limitation was key to his decision to buy the Horseshoe.

„It wouldn't have been possible without it,“ he said.