



Grand openings of Cleveland and Toledo casinos delayed by state officials

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Reginald Fields, The Plain Dealer
By

COLUMBUS, Ohio -- The opening of casinos in Cleveland and Toledo will be delayed for several weeks, and likely much longer, because the required background checks on the gaming operators and vendors are well behind schedule.

The **Ohio Casino Control Commission** received the sobering news during its meeting on Wednesday from its consultant, **Spectrum Gaming Group**, as representatives of the casino operators, **Rock Ohio Caesars** and **Penn National Gaming Inc.**, looked on.

Neither operator commented publicly at the meeting but were clearly disappointed. Each day the gambling spots are not open could cost the operators a combined \$1.4 million, according to a Plain Dealer analysis of revenue projections from state and company officials.

Rock had hoped to open its **Horseshoe Casino Cleveland** on March 26 and targeted the Rock and Roll Hall of Fame ceremonies in mid-April as its first big opportunity to cash in. The **Hollywood Casino Toledo** was slated to open the week of April 2.

Losses to the areas -- local governments, suppliers, advertisers and prospective employees -- could be double or triple the \$1.4 million a day, according to **LeRoy Brooks**, Mellen Chair in Finance at John Carroll University.

"We're talking about a multiplier effect here that could be strong," Brooks said in a telephone interview.



Gus Chan, The Plain Dealer

More than 700 construction workers have been working around the clock to finish Cleveland's casino in time for a March 26 grand opening, which was put on hold Wednesday by state officials.

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Prospective employees -- 2,800 people between the two casinos -- will take the hardest hit, Brooks said. The casinos are in the process of hiring those people, including hundreds of card dealers who are currently undergoing several months of training in Cleveland and Toledo at their own expense.

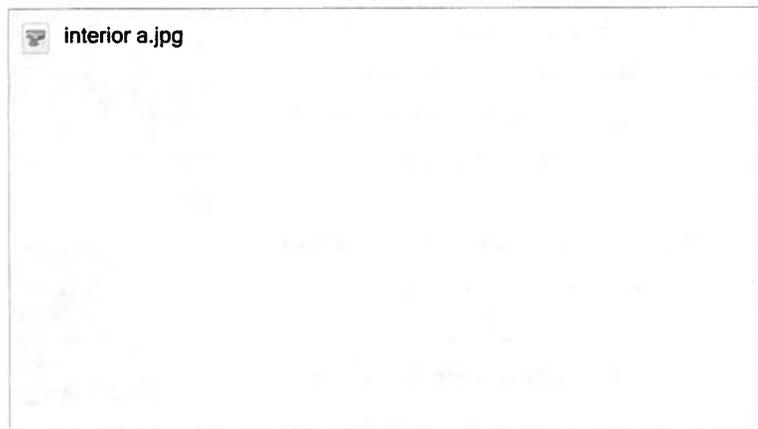
The casinos had planned to hire them sometime in March, but that now appears to be on indefinite hold.

"You have to consider the emotional impact, not just the dollar amount," Brooks added. "To them, this is critical. They were depending on having a job."

In Columbus, Fred Gushin, from Spectrum, made a presentation at the Casino Control Commission's meeting which concluded, among other things, that "openings in March or early April as suggested by the casinos will not happen."

Gushin's PowerPoint presentation placed the blame squarely on the casino operators and their reluctance to file applications for background checks. State law requires the officers and other major principles from any company or vendor associated with the casinos to undergo background checks.

The operators balked at requiring some of their secondary business partners who will have no direct hand in running the casinos from being subjected to the penetrating queries. Applications originally expected to be submitted by Sept. 21, 2011, weren't completed until December for the Cleveland casino and some still aren't complete for Toledo, which is being built by Penn National.



Rock Ohio Caesars

An artist's rendering of the Horseshoe Casino Cleveland inside the former Higbee's Department store.

Commission Chair Jo Ann Davidson said she is optimistic the delay will be a matter of "weeks, not months." But Gushin said the background checks at this point won't be done until late March at the earliest. And until they are done, the licensing process, which could take several weeks, cannot begin.

Davidson said casino operators have no one to blame but themselves. "No pointing fingers at anybody. . . but we lost eight weeks in the process," she said after the commission meeting.

"We've got very distinct obligations and requirements in the Ohio casino law that (operators) were having difficulty with in terms of who needed to file," Davidson said. "Now, it'll be the end of March before we get the investigative reports and we will still need time to review them before we start the licensure process."

Commission Executive Director Matt Schuler said the board will meet Rock and Penn likely within a week to establish "opening dates that are realistic."

Schuler noted that the previous dates were set by the casino operators and not the commission. By law the commission will set the openings.

"They established what their goals were before this commission was formed based on when they thought they could have construction or renovation done at the facilities," Schuler said.

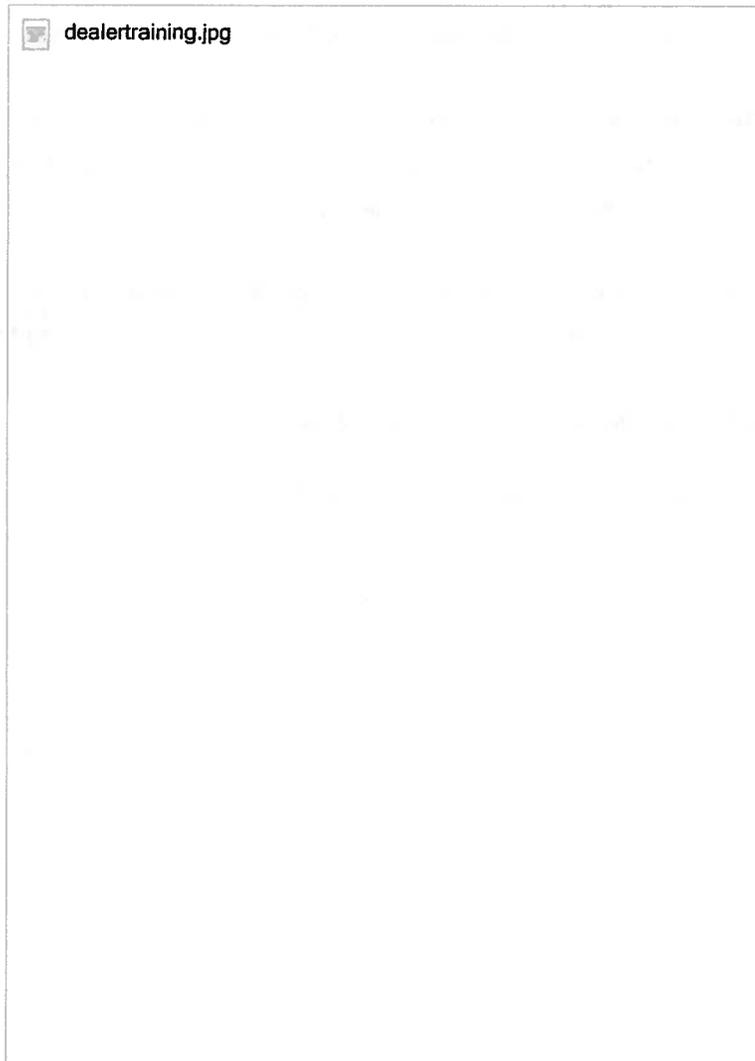
Schuler said the commission is also working on other regulatory functions, such as setting up testing standards and putting security features in place.

The delay is likely to be expensive for both the casino operators and the communities where the facilities will be located.

A one-month delay translates into \$42.7 million in lost gross revenue, a third of which would have been paid to cash-strapped local governments as casino revenue tax under the terms of a 2009 constitutional amendment in which voters approved casinos for the state's four largest cities, according to The Plain Dealer's analysis.

That one-month delay will cost Ohio's 600 school district's about \$4.8 million.

As a host cities, Cleveland would lose an estimated \$809,000 in 30 days, and Toledo would be out about \$435,000. Cuyahoga County would lose \$396,000 in a month, Cleveland Public Schools, \$135,000, and even the state casino control commission stands to lose \$422,000.



Chuck Crow, The Plain Dealer

More than 600 students hoping to dealer cards and run table games at Cleveland's horseshoe Casino started classes in early December at the Thistledown Race Track in Randall Park. Students are learning about stacking chips, and working craps, roulette, poker tables.

Penn National also is developing a casino in Columbus and Rock in Cincinnati, which are scheduled to open in late 2012 and 2013, respectively.

Matt Cullen, chief operating officer of **Rock Gaming LLC**, issued a statement saying the company was "disappointed" by the decision to postpone the opening, but that "we respect the commission's diligence and dedication to address the many tasks associated with a new gaming jurisdiction." Rock Gaming is a partner with **Caesars Entertainment Corp.** to develop the Cleveland and Cincinnati Casinos.

Cleveland Mayor **Frank Jackson** urged officials to move forward on licensing the casino sooner rather than later. "Thousands of locally hired people are depending on it as are other local businesses that will benefit from the casino being open," Jackson said in a statement.

Ohio Gov. John Kasich's Spokesman Rob Nichols said, "We respect the Casino Commission's independence and its oversight and regulatory missions and we aren't going to micromanage its affairs."

With Plain Dealer reporter **Dave Davis**

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