

## Foxwoods' loss is local rival casinos' gain - Philadelphia Inquirer

Written by Administrator

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It's not quite that big lottery win that sets you up for life, but SugarHouse and the two suburban Philadelphia casinos easily hit the jackpot last week when the Pennsylvania Gaming Control Board revoked Foxwoods' license.

Parx in Bensalem and Harrah's Chester Casino already have loyal patrons, so it's three-month-old SugarHouse that stands to gain the most.

The gaming board's 6-1 vote Dec. 16 stripping Foxwoods of its highly coveted license to build a gambling hall in Philadelphia - after four years of delays and missed deadlines - eliminated SugarHouse's biggest potential rival. The two waterfront casinos would have been less than five miles apart.

"I think definitely SugarHouse and Harrah's Chester, and Parx to a lesser extent," stand to benefit, said gaming analyst John Kempf, of RBC Capital Markets Corp., of New York. "Also, it's a positive for Atlantic City, but not as great as the other [Philadelphia area] casinos.

"We think this is positive for SugarHouse in the near term, although it is still uncertain what the board will decide to do with the license," Kempf added.

Gaming board spokesman Doug Harbach said Monday that the board "will soon issue a written order" and that Philadelphia Entertainment & Development Partners L.P., the Foxwoods investor group, "will have the option to file an appeal to the Pennsylvania courts within 30 days of that order." How long the appeal process might take was uncertain, he said.

SugarHouse general manager Wendy Hamilton said the board's decision would not change her casino's emphasis, while she gave a nod to the fact that it meant no immediate new competition on the city's waterfront.

"At SugarHouse," she said, "our focus continues to be providing a great player experience and establishing strong community partnerships."

Among regulars at SugarHouse, reaction to news of having one less casino in Philly, at least

soon, was mixed.

"I could care less," Maryann Bangert, 50, a waitress who lives in Olney, said as she worked a penny slots machine Tuesday.

"I've been coming here since it opened," said Bangert, noting that she's at SugarHouse about three times a month. "This is smaller. You can't get lost in the crowd here, and it's not so congested. And it's closer for me to get here than Parx."

But Ali Khan, 63, of East Falls, said taking Foxwoods out of the mix reduced choice for the consumer.

"We need another casino," said Khan, the owner of a private-investigative company, who goes to SugarHouse about five times a week to play blackjack. "I was very disappointed. Every business needs competition."

Case in point, Khan said, is that SugarHouse's minimum limit on table games, including blackjack, is \$25. (The casino confirms it.)

There are no \$10 and \$20 tables, as there are at Parx, "because they have no competition" on the waterfront, Khan said. "If they had competition, they would have to lower the limit."

But Paul Boni, a lawyer who has represented anti-casino groups including Casino Free Philadelphia, said competition was not the real problem ahead for SugarHouse.

"It's that people increasingly realize they can spend their money productively elsewhere or even, perish the thought, save it," Boni said. "The convenience casino is an inherently predatory business model, and it's not sustainable in the long run."

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Darlene Monzo, vice president of marketing for Parx, the state's top-grossing casino, said the license revocation was unfortunate for Foxwoods.

"New casinos help the market, and I think new customers get to experience new product," she said.

Having said that, Monzo added, "it's only going to help us in that there's not another casino in the marketplace."

Emerging as winner *and* loser in the Foxwoods decision is Caesars Entertainment Inc.

The company, suffering revenue declines at all four of its Atlantic City casinos, tried to minimize its losses there by proposing to become a last-minute partner in Foxwoods and potentially steering those customers to its Shore properties. (It also owns Harrah's Chester Casino & Racetrack in Delaware County.)

Still, the gaming board's step also means one less rival for Caesars Entertainment to worry about.

The company declined to comment on the Foxwoods outcome, but Kevin DeSanctis, chief executive officer of the half-built Revel Casino on the Boardwalk, knows investors are keeping a close eye on Atlantic City's shrinking gaming revenue and increasing competition.

Foxwoods' lost license will not have a significant effect on Atlantic City, DeSanctis said: "Ultimately, it will get built somewhere else in Pennsylvania."

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