



## MICHIGAN BUSINESS

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# Top issues unsettled in casino bankruptcy

## Creditors question Greektown's value as process nears end

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Greektown **Casino's** bankruptcy is headed into its final stretch, yet some key issues remain unresolved.

Its unsecured creditors and bondholders have questioned how the casino's worth of \$540 million -- which leaves them with nothing -- was calculated. Bondholders alone are owed \$185 million that would not be recovered.

Meanwhile, the legal bills keep mounting and the casino's valuation may count on revenue that doesn't materialize in the recession, said turnaround expert Ken Dalto of Farmington Hills.

"They are emerging in the worst economy since the Great Depression," Dalto said.



Greektown Casino entered bankruptcy in May 2008. The hotel opened in February.  
(ANDRE J. JACKSON/DETROIT FREE

The casino, which filed for Chapter 11 protection in May 2008, had paid \$28.2 million in legal fees and professional services through July 31, said Chuck Moore, a turnaround expert for the casino's estate.

Attorneys for **Greektown** Casino and its unsecured creditors argued Monday over how searches of e-mail for professionals involved in valuating the casino should be conducted. The casino argued to limit searches, while the creditors' group proposed allowing a more extensive search of e-mails it hoped would indicate the casino's valuation could be higher.

"My clients are going to be out \$180 million if this plan is confirmed," Brian Hail, an attorney for the bondholders, told U.S. Bankruptcy Judge Walter Shapero on Monday.

Shapero told both sides to agree on search terms and prepare an order by today that he would sign to end the matter and keep Greektown Casino's exit from Chapter 11 on track. Shapero has scheduled four days of hearings beginning Nov. 3 to confirm one of two plans of reorganizations that have been submitted to creditors for a vote.

Greektown Casino would be owned by secured creditor Merrill Lynch Capital Corp. if the debtor's plan of reorganization is approved. The debtor has been pushing for a quick exit from Chapter 11 for many months.

Moore said a number of delays have extended the timeline.

A second plan, put forth by Tom Celani, a Novi businessman and former shareholder in MotorCity Casino, and hedge fund Plainfield Asset Management LLC of **Greenwich**, Conn., would preserve some local control and values the casino at \$485 million.

"Right now, professional fees are running \$2 million a month," Moore said. "We are mired in a process that must end."