

Twin River Owners Say They'll 'suspend' Dog-Racing On May 31

By Katherine Gregg
Journal State House Bureau

PROVIDENCE — Owners of the Twin River greyhound track and slot parlor have put the state on notice they intend to “suspend” dog-racing on May 31. In a letter hand-delivered to the head of racing and athletics at the state Department of Business Regulation on Tuesday, Twin River vice president and general counsel Craig L. Eaton wrote: “This correspondence is to inform the DBR of the indefinite suspension of racing dates for the balance of 2009 as of May [when] Twin River will have run its legally-mandated one hundred ... 31 twenty-five (125) racing dates for year 2009.”

The letter did not elaborate. But the action came little more than a week after Twin River's owners announced that the Carcieri administration had broken off months of closed-door talks “regarding the possible state takeover or purchase of the gaming venue.”

And Twin River spokeswoman Patti Doyle described the action as the first in a series of steps being taken in preparation for a possible bankruptcy filing by the slot parlor in Lincoln, whose owners have been struggling to pay back \$565 million in outstanding loans they acquired in 2005-06 to buy, expand and renovate the sprawling gambling hall in Lincoln.

“We are taking this step to preserve cash in anticipation of a possible Chapter 11 filing,” Doyle said: “Other measures will follow.”

What happens at Twin River is of enormous financial significance to the state, which is banking on \$246.8 million this year alone from the 4,752 virtual blackjack and electronic slot machines placed at Twin River by the Rhode Island-based GTECH and other companies under contract with the state Lottery Commission.

State law requires Twin River to operate at least 125 live racing days each year as a condition for offering the acres of video-slots that bring in most of their gambling dollars.

But the live dog-races held every Monday, Wednesday, Friday and Saturday generate less than \$1 million for the state annually, according to the state Department of Revenue. The state raises more from wagering on the horse and dog-races from out-of-state tracks broadcast at Twin River.

When the video-slots were first approved by lawmakers in the final days of the 1992 legislative session, they were billed as a means to both cut state taxes and keep the dwindling dog-racing industry alive in Rhode Island. A May 30, 1992, headline read: “Gambling pro-

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moted as way to trim taxes / House told video would let state cut sales levy.”

But state lawmakers, at the owners’ request, freed Newport Grand in 2003 from having to offer Jai Alai to operate its own video-slots. And in response to inquiries in fall 2008, Governor Carcieri said he did not care whether the Lincoln gambling hall continued to have dog-racing, an expensive holdover from bygone days that reportedly cost the current owners upward of \$10 million in annual subsidies, while generating a total of \$966,211 for the state in 2008.

At a time when Twin River’s owners are clearly having trouble paying their lenders, he said: “I don’t think [the greyhound racing] contributes a whole lot.” If the owners asked to drop dog-racing “and everybody else agreed to it, I’d support that,” Carcieri said.

But within hours of Tuesday’s suspension notice, Jennifer Bramley, who has done public relations work for Senate President M. Teresa Paiva Weed, issued this statement on behalf of the Rhode Island Greyhound Owners Association (RIGOA): “Greyhound racing is a Rhode Island tradition and a significant contributor to the state’s economy, providing nearly 225 well-paying jobs and significant tax and fee revenue to the state of Rhode Island and the town of Lincoln. The Rhode Island Greyhound Owners Association believes this action to be unreasonable and at this time has received no formal contact regarding the proposed suspension.”

Noting that the “RIGOA is in under contract with BLB Investors and will be reviewing options,” she also raised the spectre of legal action.

Her job-impact numbers could not be reconciled, however, with Twin River’s statement that 40 jobs were at stake, or the Department of Business Regulation’s report of 86 currently licensed trainers, dog walkers and kennel workers. Regardless, “We believe that a lot of jobs up there are dependent on it being a multifaceted entertainment complex, and if you take one piece out of there, it could have an impact on all the jobs up there so obviously we are concerned,” remarked AFL-CIO secretary-treasurer George Nee.

A spokesman for the DBR, which regulates the track, was unable to answer many questions yesterday, including the exact number of days approved by DBR for live racing this year, which he guessed at 240. But agency lawyer Richard Berstein said there is a question if Twin River will, in fact, have met the 125-racing day requirement by May 31. It remains unclear whether state lawmakers would be willing to relieve Twin River of its live-performance requirement, as it for Newport Grand.

Senate Majority Leader Daniel Connors questioned whether Twin River could unilaterally exit its contract with the kennel owners. Sen. Maryellen Goodwin, who chairs the committee that handles gambling legislation, also cited the contract, cited “deep concerns” for the employees, and the wisdom of eliminating a draw that “would make us different than Massachusetts if Massachusetts were ever to go ahead and put in casinos.”

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But freshman Sen. Edward J. O'Neill, whose Lincoln district encompasses Twin River, said: "I want to see the numbers. If it has a positive impact in terms of the state, then I think it is fine."

Twin River is owned and operated by UTGR Inc., a subsidiary of BLB Investors — the holding company comprising Kerzner International Limited, Starwood Capital Group and Waterford Group LLC. The company bought the aging Lincoln Park dog track in 2005, along with three greyhound racetracks and a horse track in Colorado, and then embarked on a \$225-million renovation and expansion in Lincoln.

The owners have been lobbying to rewrite their dog-racing obligations in Colorado as well, where lawmakers recently have approved a measure that enables tracks and betting shops to take wagers on out-of-state greyhound races even if live dog races aren't held in Colorado.

- Dog racing has been a fixture at the park in Lincoln since 1977, although its popularity has declined sharply in recent years.
- Racing reportedly costing the track owners millions of dollars in subsidies while generating less than \$1 million for the state in 2008.
- A statement issued on behalf of the Rhode Island Greyhound Owners Association called the track's action "unreasonable."
- A spokeswoman for Twin River said that "We are taking this step to preserve cash in anticipation of a possible Chapter 11 filing."