

Casino Investors' `Survivor' - Trump, Others Play In Court To See Who Wins In Deals

August 24, 2004

By Rick Green - Hartford Courant

NEW BRITAIN -- It isn't yet a reality TV show, but Donald Trump was fighting for his own very real-world shot at developing Connecticut's next Indian casino Monday - or at the least the chance to recover the \$10 million he's already lost on the gamble.

Call this one "Survival of the Indian Casino Investors."

The beleaguered hotel and casino mogul, who did not attend a Superior Court hearing Monday afternoon but whose name was rolling off nearly everyone's lips, faces stiff competition in this game. William Koch, a Forbes 400 millionaire, and David Rosow, a Southport golf course developer, have elbowed Trump out of the competition so far.

Monday afternoon, a scrum of lawyers representing all suitors - more than a dozen - knocked heads before Judge Susan Peck, trying to sort out complicated questions involving just who has the right to develop a casino proposed by the Eastern Pequot Indians of North Stonington.

They could agree on very little - except the date for the next episode, Sept. 10.

Trump's lawyer, Robert I. Reardon, derided Koch and Rosow as "Johnny-come-latelys in the process of funding Indian tribes." Trump's suit contends this "small coterie" illegally "hijacked" the Eastern Pequots with payoffs and other unlawful tactics.

"They interfered with the relationship the tribe had with Trump," Reardon said later outside the courtroom, engineering an election of new tribal leaders that favored Koch and Rosow, including making payments to a tribal member.

Trump, whose hotel and casino company recently filed for bankruptcy but whose cutthroat reality television show "The Apprentice" has been a smash hit, "is totally committed" to the lawsuit, Reardon said. Last week, Trump "said to me, 'Go get 'em. Keep it up,'" Reardon said. "Mr. Koch is a world-class sailor but he doesn't know anything about building a casino."

Koch, a onetime America's Cup skipper and Palm Beach neighbor of Trump's, is worth more than \$600 million. He was not in the courtroom Monday.

Roy Bell, Koch's lawyer, who was in the courtroom, said Reardon will be forced to back off on his charges. He said his client and Rosow did not do what Reardon alleges.

"My client is a big boy. He had nothing to do with this," Bell said. Koch has never had any involvement other than being a "silent" investor in the Eastern Pequot casino project, Bell said.

Since the mid-1990s, Trump and a Connecticut investor, J.D. DeMatteo, poured more than \$10 million into the Paucatuck Eastern Pequots, a faction of the Eastern Pequots. But when the federal Bureau of Indian Affairs granted recognition to a united tribe representing the Paucatucks and a larger Eastern Pequot faction in June 2002, the Indians soon jettisoned Trump and DeMatteo for Koch and Rosow, who had been backing the larger tribal faction.

Now DeMatteo and Trump want their money back, while Koch and Rosow are busy planning a casino

that could be as large as the Foxwoods Resort or Mohegan Sun. The state, in an entirely separate action before the U.S. Department of Interior, is appealing the decision that recognized the Easterns, saying they are not a tribe.

On Monday, however, the topic was money, investors and gambling.

"Millions of dollars were spent. Our contracts were breached and our damages are accruing as we stand here today," said Theodore C. Anderson, lawyer for DeMatteo. Anderson said DeMatteo is "looking to get compensated" for his backing of the tribe during the years when it was seeking federal recognition.

The hearing presented a juicy peek behind the scenes at the heated battles being fought over Indian tribes, whose casinos are generating more than \$16 billion in annual revenues. From California to Connecticut, investors are lining up behind tribes and would-be tribes in order to cash in on gambling.

In the Eastern Pequot case, Trump and DeMatteo have filed separate lawsuits saying their contracts with the tribe have been breached and they deserve compensation. The newly united Eastern Pequots - and Rosow and Koch - say the tribe has simply chosen the casino developer it prefers. And besides, they say, Indian tribes are immune from lawsuits.

Robert D. Tobin, a lawyer for the Eastern Pequots, said Trump and DeMatteo represent merely "a failed effort" to finance a faction of the tribe and win federal recognition. Tobin and other lawyers for the tribe and its current investors dismissed Reardon's allegations that Koch and Rosow engineered an illegal behind-the-scenes sacking of Trump and DeMatteo.

But R. Bartley Halloran, one of five lawyers representing DeMatteo Monday, said after the hearing that "a pretty damn clear contract" makes it obvious that the tribe, or at least a faction of the tribe, had a deal it reneged on.

"It appears that at best, this was interference with that contract," said Halloran, who until recently served as chairman of Hartford's downtown redevelopment effort. "There has been a breach of that agreement."

Watching all the action was Mark Sebastian, an Eastern Pequot tribal council member.

"All these dollars are being spent [on lawsuits] that won't benefit what the real goal of the tribe is," said Sebastian, pointing to the need for jobs, homes and health care for the approximately 1,100 tribal members. "The Rosows and the Trumps are the tools for the tribe to achieve our goals."