

MARKETING & MEDIA

Starwood Receives \$200 Million Offer For Casino but May Reject as Too Low

By CHRISTINA BINKLEY

Staff Reporter of THE WALL STREET JOURNAL
Fabrizio Boccardi, a wealthy Italian who hopes to build a Las Vegas megacasinio, has offered to buy the legendary Desert Inn casino from Starwood Hotels & Resorts Worldwide Inc. for \$200 million, according to people close to the bid.

The Boccardi offer is one of several that Starwood has recently received for the casino, the company confirmed, though it is already indicating that the latest offer may be inadequate.

It follows the cancellation of South African gambling magnate Sol Kerzner's \$275 million agreement to buy the Desert Inn and is yet another page in the saga of the once-lustrous but money-losing Las Vegas casino that has been up for sale for nearly three years.

The Desert Inn, which housed Howard Hughes in a vast suite in his last, reclusive days, has never been short of dreamers who want to buy it. No one recently has managed to close a deal, though.

The casino lately has been overcome by the themed competition surrounding it. But it is located in the heart of the Las Vegas Strip, and the property includes a golf course and undeveloped acreage that have drawn a number of high-profile bidders.

In the past three years, Los Angeles billionaire Marvin Davis inked, then canceled an agreement to buy it from its former owner, ITT Corp.; and Michael Jackson and Andrew Lloyd Webber separately considered entertainment-themed casinos on the spot. Starwood, White Plains, N.Y., reluctantly inherited the Desert Inn when it bought ITT in 1998. Starwood is consider-

ing developing time shares on the property, if a casino buyer is amenable to a joint venture.

Mr. Boccardi, a 31-year-old Italian immigrant who lives in Los Angeles, has been working to buy land for a casino for several years. His offer would be funded with \$60 million in cash from himself and investors and a \$140 million loan, according to people involved with the offer. Mr. Boccardi hopes to develop a casino complex with a branded theme that could be expanded elsewhere. "Las Vegas needs a vision," said Mr. Boccardi, president of Las Vegas-based Boccardi Capital Systems Inc., in a recent interview.

Starwood is seeking a far higher price than Mr. Boccardi has offered, however. "The \$200 million would not be considered," said Dan Gibson, a company spokesman.

When Mr. Kerzner, who is attempting to take his Bahamas-based Sun International Hotels Ltd. company private, two weeks ago backed out of his plans to buy the Desert Inn, he agreed to guarantee Starwood something close to the price he had agreed to pay. If the Desert Inn is eventually sold for less than \$275 million, Sun will pay Starwood half of the difference, as much as \$15 million. Sun would share half of a higher price as well.

Some in the gambling industry have speculated that Steve Wynn, who last week agreed to sell Mirage Resorts Inc. to MGM Grand Inc. for \$1.4 billion, will buy the Desert Inn and start his casino empire anew. Starwood, though, hasn't received any offers from Mr. Wynn, the company said last week.