

Mohegan's partners have messy pasts

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When it comes to picking casino partners, the Mohegan tribe of Connecticut hasn't had the best luck. Two of their deals have ended in messy divorces and a third deal, the one they're proposing in Massachusetts, includes a suitor with a questionable past.

The Mohegan tribe faced intense scrutiny last month at a casino hearing on Beacon Hill regarding a partnership with developers Sol Kerzner and Len Wolman to build Mohegan Sun. The pair are working with the Mashpee Wampanoag to build a casino in Middleboro.

At last month's hearing, legislators raised concerns with the Mohegan Sun management deal that was called too lucrative for the developers and a buyout agreement that will give Kerzner and Wolman 5 percent of Mohegan Sun revenue through 2014.

Mohegan officials attempted to distance themselves from the pair.

Dennis Troha, the Mohegan's former business partner in an Indian casino deal pending federal approval in Wisconsin, will be sentenced in March after pleading guilty to funneling \$100,000 in campaign contributions.

Just before he was indicted last year, the Mohegan bought out Troha's interest in their deal with the Menominee tribe.

"The reality is we've set a high-quality standard in all our dealings with our customers and business partners. Once Dennis' actions were known to be outside of those standards, both us and the Menominee tribe moved to assure that he was outside of the project," Mohegan Sun CEO Mitchell Etes said.

Etes said the tribe's gaming authority also knew about past legal troubles of their development partner in western Massachusetts, though their preliminary deal is still in place.

Leon Dragone, who owns the 150 acres the tribe wants to develop a casino on in Palmer, was sued twice in the late 1980s and early 1990s for swindling money out of investors in gambling deals. In one case, Dragone was ordered to pay damages, and the other settled out of court. "Leon's assured us that his problems such as that are in the past," Etes said.

Trouble in Wisconsin

Troha's conviction should not be used against the Mohegan in their bid to bring a casino to Palmer, Etes said. The Connecticut tribe plans to bid on one of three commercial casinos in Massachusetts proposed by Gov. Deval Patrick if the bill passes.

"You can only deal with things once you know of them and once we knew of them, we dealt with it quickly," he said. "I don't believe that would be used against us in any way."

John Erickson, a Troha associate, also pled guilty to funneling \$250,000 in contributions.

It's possible one more indictment is still coming, said Matthew L. Jacobs, assistant U.S. attorney in the Eastern Wisconsin division. The person is not directly linked to the Mohegan tribe, he said.

Wisconsin state campaign finance law says no individual can give more than \$10,000 in donations in any year to any one candidate. The law also prohibits people who have reached the limit from providing others with money to make a contribution.

"When I decide to make a political contribution, that's a big deal, but when someone else gets to take their money and really eradicate the significance of my contribution, it's not fair," Jacobs said. "It just swings the landscape from how we expect it to be."

Troha family members contributed approximately \$200,000 to Wisconsin Gov. Jim Doyle between 2002 and 2006, according to campaign records. Many of the contributions were recorded on the same day, in the same amounts to the same candidates.

Representatives from the Mohegan gave \$31,000 to Doyle between 2002 and 2007, according to the Wisconsin Democracy Campaign, a political watchdog group.

The tribe's contributions have not been linked to the investigation.

In Massachusetts, campaign contributions by members of the Mashpee Wampanoag are under investigation.

According to Massachusetts law, donors are limited to \$500 per candidate per year, or a total of \$12,500 per year.

The tribe, backed by casino investors since 2000, and its supporters have donated at least \$85,000 to campaigns since 2003, according to state campaign finance records.

Many of the contributions were recorded on the same day, to the same candidates, in the same amounts from several tribe associates at once.

Tribe leaders were ordered to turn over records of the contributions, as well as any correspondence with politicians, as part of an IRS investigation that is ongoing, according to the federal subpoena.

No charges have been filed.

Developer sued

Last summer, the Mohegan announced a partnership with Dragone of Northeast Realty and the Pennsylvania Real Estate Investment Trust, which owns the Dartmouth Mall, to develop a casino in Palmer.

Dragone, who has worked as a consultant for major casino companies, has had problems with business deals in the past. In a 1989 civil suit in Hampden County Superior Court, he and his brother were ordered to pay damages to nine defendants for allegedly defrauding them of \$109,000 in a plan to invest in video gambling machines and lotteries in Mexico.

In another case in U.S. District Court in Springfield in 1992, Dragone settled after it was alleged he defrauded two couples of at least \$286,000 in plans to build off-track betting parlors in Pennsylvania and Louisiana, a casino development in Mexico and a Mexican condominium, according to published reports.

While Dragone has said he does not personally plan to apply for a gaming license, he doesn't think the lawsuits would hurt his chances if he did.

"You have disagreements with people over various things, all in a civil nature, and ultimately those disputes were settled," Dragone said.

Kofi Jones, spokeswoman for Patrick's casino legislation, said it's too early to comment on the specifics of any bidder's chances until the legislation is passed and the Massachusetts Gaming Control Authority is established.

Clyde Barrow, a casino expert and the director of the Center for Policy Analysis at UMass-Dartmouth, said the Mohegan tribe itself has a good reputation for being transparent in its business dealings.

"Everywhere you go everyone thinks the world of them," Barrow said.

Because Mohegan is a publicly-traded company, its financial transactions are filed with the Securities and Exchange Commission.

"We think that we're one of the best operators of casinos in the country and we have results to show it," Etess said. "We're just very confident in our ability as operators."

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