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Desert Inn offer rejected

Starwood Hotels & Resorts turns down a \$200 million bid for the resort and golf course.

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Starwood Hotels & Resorts Worldwide rejected a \$200 million offer Tuesday from a Las Vegas investment and development company to buy the Desert Inn hotel-casino and its golf course. The offer, announced by Boccardi Capital Systems, included a bid to buy the entire 200-acre property for \$200 million. Alternatively, Boccardi offered \$100 million for the hotel-casino, on a 30-acre parcel.

Boccardi Systems said its offers were all cash and will remain in effect until March 23. Fabrizio Boccardi, the firm's chairman, said in a statement that the offer "reflects our confidence and belief in the continued growth potential of the Las Vegas market."

Boccardi Systems spokesman James Lee said his company forwarded its bid to Starwood Friday, and said, "We feel it's a good offer."

He emphasized that the offer was all cash and noted that the property has "been on the market for three years."

Starwood spokesman Daniel Gibson said the offer was inadequate and won't be considered. Starwood's agreement to sell the Desert Inn to Sun International Hotels Ltd. for \$275 million was canceled two weeks ago when Sun management turned its attention toward taking its company private.

As part of the cancellation agreement, if the Desert Inn is sold for less than the purchase price originally agreed to by Sun International, Sun will pay 50 percent of the deficit to a maximum of \$15 million. If Starwood sells the property for more than \$275 million, Sun will share 50 percent of the excess profits from the sale.

Therefore, if Boccardi's \$200 million offer is accepted, the cancellation agreement calls for a \$15 million payment from Sun to Starwood.

Lee said Boccardi Capital Systems is a real estate development company that has been actively seeking a Strip property for the past few years to build a "substantial hotel-casino along the lines of recently completed megaresorts."

Lee said his company hopes to build a new resort, but would probably arrange for a company to operate the current Desert Inn casino until a licensing investigation and approval can be accomplished. The golf course, he added, has value as "the only remaining course on the Strip." He said residential property restrictions would prevent developing the golf course, at least in the near term.

Lee said if Starwood's refusal of the Boccardi offer stands, his company will re-evaluate whether to make another offer after March 23.