

Lake Tahoe Hard Rock sues ex-management firm



Lake Tahoe Hard Rock owners are seeking damages against the former management team. Photo/LTN file

By Kathryn Reed

The Park brothers are going after the former management company of Lake Tahoe Hard Rock for damages, contending Warner Hospitality is responsible for cost overruns at the remodeled Stateline property and mismanagement.

“In particular, Warner has failed to manage the property properly, resulting in customer dissatisfaction, bad publicity, employee turnover, and revenue well below Warner’s projections,” a complaint filed Oct. 15 says. “Warner has acted with gross negligence and committed willful misconduct in connection with its management of the property.”

The complaint was filed in Washoe County District Court. Neva One is the company David and Jon Park formed to operate the Hard Rock. They had planned to spend \$60 million to renovate what was the old Horizon hotel-casino, which open as the Hard Rock in late January.

The Park brothers last week **fired Warner Hospitality** and turned management over to two veteran gaming consultants. This came after **SMC Contracting** filed a lawsuit seeking millions of dollars in cost overruns that were not paid, **the pool** had to be closed because of a leak, and **employees** were either being fired or driven off because of what they said was Warner's fault.

SMC and Neva One will be back in court Oct. 26 for a hearing. A settlement has not been reached, but talks are ongoing. Mike Springer, attorney for SMC, has not returned multiple calls. SMC claims it is owed nearly \$19 million – about double the original contract.

SMC was hired to do the casino floor work.

The lawsuit goes on to say, "Warner failed to properly manage and oversee the completion of the hotel towers of the property, with floors still incomplete."

The lawsuit says Warner was to oversee the design, construction and opening. Any expenses that were more than \$10,000 beyond the original price or had a cumulative total in excess of \$200,000 were to be approved by Neva One, according to the lawsuit. This reportedly didn't happen, which is how SMC wound up not getting paid what it claims it is due.

"We are taking all actions that we consider appropriate to strengthen the property," David Park said in a statement. "We believe the changes at the Hard Rock Hotel & Casino Lake Tahoe will help us be in a better position to resolve issues that came about during the renovation project. We are eager to move forward in a positive direction for the property, our valuable employees and the community."