

Hard Rock withholding cash from contractors

By Kathryn Reed

Contractors who remodeled the hotel rooms at Hard Rock Lake Tahoe are owed \$1.7 million, but have been told they'll be lucky to see 50 cents on the dollar.

Now that Paragon Gaming out of Las Vegas is in control of the Stateline property, a game of wait-and-see has changed to hardball.

"We were waiting, sitting by being patient, believing that it would work itself out and we'd get paid," Chris Kersey, chief operating officer with CVC Hospitality, told *Lake Tahoe News*. His Florida-based firm was the general contractor doing the 540-room renovation. "We had to file liens and a lawsuit, and there are 20 subcontractors under us who have done the same."

CVC had a "pay when paid" contract with subs, meaning they get paid the day after CVC gets a check.

With Paragon essentially buying Neva One, the parent company of the Hard Rock, and the state Gaming Board giving them a waiver to not have to pay the debts off, the companies who did the work are left empty handed.

In the 18 months since the project has been finished, the general contractor has lost his license to do business in Nevada because he didn't pay his subcontractors. Subs have had to foreclose on their homes and there is at least one divorce linked to the financial quagmire.

"It's a bad situation for everyone. Some are smaller crews. They all kept working for three months to finish the job and didn't get paid. We thought everyone was good for their word,"

Kersey said.

Brothers Jon and David Park out of the Carson Valley own Neva One. They spent \$60 million to renovate what was the dilapidated Horizon. They ran into trouble early on, and soon after the hotel-casino opened in January 2015 firms that did the remodel filed lawsuits and employees were leaving.

The lawsuits involving the **contractors who did the lobby and casino work** settled earlier this summer when Paragon came on board. It has not been disclosed if they were paid in full.



This bear and message are what great guests in their room at the Hard Rock. Photo/Denise Haerr

Paragon CEO Scott Menke did not return a phone call, and the Park brothers still are not talking to *Lake Tahoe News*.

Kersey told *LTM* that two weeks ago he spoke to Paragon officials who said they could accept between 50 and 70 cents on the dollar or go to court. Kersey wants to keep fighting as long as he can afford to.

“I told paragon to keep our money and pay the subs 100 percent,” Kersey said. “They said no, everyone is going to

take a hair cut.”

While a lien on the property is one route, it doesn't do any good until the property is sold. Odds are that won't happen any time soon.

The \$1.7 million doesn't include interest or the nearly \$40,000 in attorney fees that Kersey's firm has racked up. Plus, CVC is contending with lawsuits filed by subs.

“David Park said the agreement with Paragon was to satisfy all the liens. That is not what they are doing,” Kersey said. “That property is just making millions on the backs of people who are not getting paid. They are completely booked.”