

Gaming ships sold in 7 minutes at downtown auction

2 vessels that defaulted loans go for fraction of worth

By David Bauerlein
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Just past lunchtime yesterday, a small group gathered at the steps of the federal courthouse for a short, sweat-drenched auction of two unusual items — a pair of gambling cruise ships.

Neither attracted any high-rollers.

By the time the U.S. Marshals Service had finished the bidding, the 174-foot MV Vegas Express was sold for \$400,000 and the 137-foot Leisure Lady was going, going, gone for \$1.25 million. That was just a fraction of the multimillion-dollar values each had been appraised for three years ago.

In a sign of how low the bidding was, the winner in both cases was Foothill Capital Corp., which forced the sale of the boats by filing a lawsuit against six defendants over the default of more than \$8 million in loans.

Foothill officials were prepared to let someone else buy the boats if the bidding had gone high enough, in which case the proceeds would have gone to Foothill. Instead, Foothill decided to buy the vessels and will seek to resell them at a higher price, said David Evans, senior vice president of Foothill, which is a Wells Fargo company.

The legal proceeding landed in the federal courthouse in Jacksonville because the Vegas Express and Leisure Lady were docked in Green Cove Springs when Foothill foreclosed on the mortgages in November.

Foothill wanted to operate gambling cruises from Fort Myers, but the marina there instead leased the space to SunCruz Casinos, according to court documents. SunCruz started operating another ship out of Mayport in January as it sought to expand its Florida operations.

U.S. District Judge Henry Lee Adams ordered the sale of the Vegas Express and Leisure Lady on May 21.

In 1998, the casino cruise business, in which passengers go a short distance to sea for a gambling excursion, appeared to be smooth sailing. Marcon International, which appraised the Leisure Lady for \$5 million at that time, called Florida the "Mecca of the cruise to nowhere industry." Marcon put the fair market value of the Vegas Express at \$6.25 million.

"We're seeing a softening of the market," Evans said.

Yesterday's auction was a brisk, businesslike affair that brought bidders from around

the country — Foothill is based in California, and bidders also came from companies located in Homasassa on Florida's Gulf Coast, Virginia and New Jersey. In just seven minutes, the auction was over and they were headed back home empty-handed.

The defendants in the lawsuit are Leisure Time Cruise Corp. of Colorado, Florida Casino Cruises Inc. of Georgia, Leisure Time Technology Inc. of Georgia, Leisure Time Casinos and Resorts of Colorado, Leisure Express Cruise L.L.C., of Colorado, and Alan N. Johnson of Ohio. Still at issue in the lawsuit is how much each of defendants owes to Foothill.



— Stuart Tannehill/staff

Ellen Trach (from left) and David Evans, who represent Foothill Capital Corp., submitted winning bids yesterday during an auction of two gambling cruise ships at the courthouse downtown.



— Reggie Jarrett/special

The gambling boats Leisure Lady (left) and the Vegas Express were auctioned off by the U.S. Marshals Service yesterday.