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Las Vegas Sun

\$3.9 million buys bankrupt Reno hotel casino Siena

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The bankrupt Siena Hotel Spa Casino was sold at a courthouse auction on Wednesday for \$3.9 million to a group of investors who say they intend to reopen the riverfront Reno hotel-casino they believe is poised for a comeback.

U.S. Bankruptcy Judge Gregg Zive approved the sale of the property, building and all its goods to Grand Siena LCC conditioned on the group closing the deal with bankruptcy lawyers within 48 hours.

"We're going to get the property opened as soon as we can and fill it up," Grand Siena investor Jay Meilstrup said. He said they would begin work to reopen the hotel and restaurants while pursuing new licenses with state gambling regulators.

"We're set for what we believe is going to be one of the stronger comebacks in the industry," Meilstrup said. He said the investment team includes partners in Los Angeles and Chicago but declined to provide further details.

"There are five of us who saw the potential for this downtown property," Meilstrup said. "It is such a beautiful property and is going to take so little effort" to prepare it for reopening.

"It's going to be the Siena," he told reporters outside the courthouse after the auction. The bidding between Grand Siena and two other parties began at \$3 million on the property once worth at least 10 times as much.

David Colvin, another investor, made the bids on behalf of Grand Siena but referred comment afterward to Meilstrup.

Meilstrup said they picture it as the "anchor" to the southeast end of the downtown casino district along the Truckee River. It sits across Lake Street from the National Automobile Museum, two blocks southwest of the Reno Aces baseball park.

"It's the pretty property in downtown," he said.

Barney Ng, managing member of Wild Game LLC and One South Lake Street LLC, opened the upscale hotel-casino with a faux bell tower and Tuscan countryside motif on July 31, 2001, less than three months before the Sept. 11 terrorist attacks sent the region's tourism-based economy into a tailspin.

At one time, the Siena had about 500 employees, but it suffered through several financial difficulties over the years. After shutting down all gambling operations earlier this year, it closed its doors for good in October.

Ng's groups hired Los Angeles-based Innovation Capital LLC in late September to search for buyers through bankruptcy proceedings.

The two other bidders at Wednesday's auction were Stratus West, and a combined group of Northern Nevada Asset Holdings LLC and Nevada Casino Holdings.

Judge Zive approved the sale after finding it was in good faith and absent any collusive dealing.

"The sale probably maximizes the value of all these assets," he said.

The sale did not include any necessary licenses. But it does include all goods inside _ "the tables, the beds, the refrigerators" _ along with the registered website and "integrity" of the property, said Aram Ordubegian, a bankruptcy lawyer for Innovation Capital.

At one time, the Siena had secured loans based on a value of \$50 million, but Ordubegian said there was no illusion it carried that value now.

"So it's not a surprise," Ordubegian said, "given the economic state of not only Reno but the country."

"Bankruptcy lawyers always answer that the value is what the buyer will pay," he said. "Am I pleased? This was the only option."

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