

Now, Viva Las Vegas

Though not much of a gambler himself, William Yung III has effectively doubled-down – and more than doubled the size of his Columbia Sussex Corp. with two recent deals that bolstered his casino holdings.

With last week's disclosure that its pending acquisition of an East St. Louis, Ill., riverboat casino will cost USD 200 million, the company's buying spree of the past year now tallies about USD 4.7 billion.

The spree started last fall, when the company bought 14 Wyndham hotels from the Blackstone Group for USD 1.4 billion.

But in an interview with The Enquirer last week, Yung said the biggest deal so far – the Fort Mitchell-based company's pending USD 2.8 billion takeover of Phoenix-based Aztar Corp. – takes the company's metamorphosis to a whole new level.

With annual revenues estimated at roughly USD 2 billion, Columbia Sussex would be the largest privately held casino company in America, once the Aztar deal closes late this year or early next.

The chain would have 13 casinos and 88 hotels nationwide – and Yung's plans for Aztar's Tropicana hotel in Las Vegas could make it the biggest hotel in the world.

The deal also will make it the largest privately held company in Greater Cincinnati and Northern Kentucky, with more than twice the revenue of homebuilder Drees Co.'s estimated USD 969 million.

Yung, a Northern Kentucky native, said growing up traveling to Florida for vacations with his parents he always wanted to be in the hotel business. He started in the business as one of Days Inn's first franchisees.

But after the 9/11 attacks, he began altering his business plan.

„After 9/11, our hotels got creamed, but our four or five casinos at the time didn't miss a beat,“ he said. „We decided to get more in.“

Yung credited his company's private ownership with giving it the ability to outbid publicly traded Pinnacle Entertainment Inc. of Las Vegas for Aztar, which owns the Tropicana casinos in Las Vegas and Atlantic City.

„Pinnacle's got a quarterly report to put out and we don't,“ said Yung, noting he wasn't beholden to the same Wall Street shareholders as his rival in the bidding war. Pinnacle chief executive Daniel Lee's „got a harder job than me.“

Though he mentions only in passing that the company spent more than USD 300 million in January buying three hotels and didn't bother to tell anyone (the company doesn't issue press releases), Yung said the Aztar deal might be Columbia Sussex's last mega-deal for some time.

Yung said Aztar's crown jewel, the Tropicana in Las Vegas, was the last such premium property on the Nevada city's famed Strip not already owned by the gaming industry's two titans – Harrah's and MGM Mirage.

„This is what made the deal good – this could be one of the top 10 gaming properties in the world,“ he said. „Any other opportunities will be in Midwestern states or Mississippi or maybe Kentucky.“

A bigger Tropicana

For now, Yung said, his company is focusing on major upgrades to the Vegas Tropicana. He said plans are still being developed, but he envisions the 1,900-room hotel being expanded to 7,000 or 8,000 rooms.

Such a radical expansion would make the Tropicana the largest hotel in the world, in a city holding most of the largest hotels on Earth.

„Vegas is a big redevelopment job – a three-year project,“ he said. „We’ll tear some of it down but keep most of it and build around it.“

The Tropicana opened roughly 50 years ago and is showing signs of age. But its 34-acre site is a prime location at the southeast corner of Flamingo Avenue and Las Vegas Boulevard, the busiest intersection in Sin City.

Michael Friedman, a gaming analyst with Noble Financial Group in Boca Raton, Fla., said a Tropicana renovation could cost USD 1 billion or more. He noted the construction of Wynn Las Vegas cost more than USD 2.7 billion, including the land purchase.

But he added the most valuable asset attained in the Aztar deal was the land underneath and next to the Vegas Tropicana. „It’s very expensive to be a player in Vegas – the property values are soaring,“ he said.

Yung said he’ll continue to run three other casinos from the Aztar deal – the Tropicana in Atlantic City; the Ramada Express in Laughlin, Nev.; and Casino Aztar riverboat operation in Evansville, Ind. – but will sell off the Casino Aztar riverboat operation in Caruthersville, Mo., before closing the deal. The USD 2.8 billion cost of the deal includes the assumption of USD 676 million in Aztar debt.

A gambling Man?

Yung said he’s not much of a gambler. He’ll play USD 1 slots once every six months or so whenever he visits Belterra – owned by Pinnacle, the company he outbid for Aztar – or when he stays in Las Vegas.

„I limit myself to USD 200 or USD 300, then I quit,“ he said. „They say businessmen make poor gamblers because they bet all the time at work.“

Meanwhile, Yung, 65, only an occasional golfer, said he has no plans to retire anytime soon.

Though his company has only one hotel in the region – the Airport Radisson in Hebron – Yung said there are no plans to move the headquarters away from his home.

And while his company has amassed „a lot“ of debt in the past year, he said there are no plans to take Columbia Sussex public.

He said the company’s track record of acquiring and fixing up hotels and casino properties has made it easy to borrow.

„There’s no need to go public,“ he said. „We can get all the money we need.“