

# Own your own casino

With Kirk Kerkorian wanting to buy the Bellagio, you may want to buy a casino , too, and are wondering what's left.

You might not think there are any casinos for sale in town, but for the right price – think Bellagio – just about any joint might be in play, especially downtown.

But watch out. As with buying a house, you need to do your homework and read the disclosure statements before signing those escrow papers. Not every casino is growing a money tree out back.

„You've got to have a facility that makes sense because it's got a good location and good parking,“ says Michael Gaughan, owner of the South Point and a second-generation casino operator. „You've got to have good management. And you've got to have people. These places (that struggle) are missing one of the three.“

So, having been forewarned, ask your broker to show you these places if you want to keep up with the Kerkorians.

## **Binion's**

Who doesn't love a downtown classic, where history hangs as thick as last night's cigar smoke? But watch out for those darned land leases, which go back a few generations , too.

Binion's, birthplace of the World Series of Poker, sits on land owned by multiple landlords.

In the first quarter, Binion's reported an operating loss of USD 1.3 million. One reason: The casino owner, MTR Gaming – which bought the place for poker-bragging rights – paid USD 1.7 million in lease payments to the land owners.

The leases expire at different times, making it difficult to

negotiate a buyout to tear down the property or make major and much-needed renovations.

In the meantime, management is trying to pull in a younger clientele with mechanical bulls in the former sports book, an after-hours dance club in the steak house and go-go dancers in the casino.

### **Lady Luck**

The old dame, located near downtown's fledgling entertainment district, closed more than a year ago, before securing financing for a major redevelopment that aimed to create a hip, boutique hotel like those in New York or Los Angeles. Financing has yet to materialize. So it seems it's harder than expected to do something special in a depressed neighborhood whose best prospects are young but cash-poor scenesters.

„You need more renovation and more bodies down there,“ Deutsche Bank stock analyst Bill Lerner said. „You just need things freshened up in a big way.“

Plaza, Las Vegas Club, Western, Nevada Club

This four-of-a-kind is a good bet, if you can get the owners to sit down with you.

Bigger losses a few years ago at these downtown standards were shored up under new management, although downtown still struggles to make a buck off aging bargain-hunters. As more improvements come to the area – performing arts, medical research facilities and civic center, for instance – the value of these properties will rise. They're also owned free and clear for redevelopment.

But you'll have to make a good offer, because owner Tamares Group doesn't want to part with them. The company says it wants to play a long-term role in downtown redevelopment and awaits nearby office redevelopment on 61 acres of Las Vegas'

land behind the Plaza.

### **Gold Spike**

Step right up, folks. Quickly. Tamares Group does want to sell this casino for the low, low starting price of USD 15 million.

Fifteen million dollars for 1 acre isn't a steal for one of downtown's dumpiest joints, unless they throw in a whole lot of USD 1.99 margaritas.

### **Riviera**

All that this old Strip standard needs is an extreme makeover and a decent re-fi. It seems to have everything else that's needed to make a profit – a decent management team, a great Strip location and lots of people walking through. But paying interest on USD 213 million in debt is the albatross around the company's neck.

The bigger problem is the patchwork quilt that they call a casino. Bring in the wrecking ball.

Two groups of shareholders are battling for the company (and the right to eventually rebuild something more spectacular) , but management hasn't been able to strike the kind of deal that will make everyone happy. So there's time to make a bid. But you'll have competitors , and your timing – with the company's stock yo-yoing on land speculation – needs to be perfect.

### **Key Largo**

A fixer-upper for someone with imagination, the small, squat Key Largo – once known for its USD 1.99 burgers – has been closed for two years, made obsolete by bigger, flashier competition. Its 5 acres near the corner of Flamingo and Paradise roads are now awash in weeds.

The Florida-based condo developers who bought Key Largo in

2005 for USD 23 million could flip the boarded up property today for twice that. Or they could take a bigger gamble, building a next-generation resort that could, say, take the form of a 20-story high rise with a casino, a spa and other resort offerings.

With sky-high land and construction costs, pulling that trigger has become tougher than ever. But because the property's gaming license has lapsed, at least 200 hotel rooms will need to be built to qualify for a new one.

## **Hooters**

A nice place in the wrong neighborhood?

The idea seemed so promising when the doors opened last year: Take over an older hotel, re brand it as Hooters, bring in the tight T-shirts and orange short shorts, lay out the chicken wings and get out of the way as people pour in.

Well, it might have brought in some fraternity brothers , but as Las Vegas has dressed itself up to the nines, the place hasn't proven upscale enough for a gentleman to come in with his girlfriend or wife, and not hot enough for young men on business trips who are more attracted to Mandalay Bay, Hard Rock or the Palms.

And it's not situated very well to attract foot traffic – a block off the Strip, on the far side of the Tropicana, and across the street from the MGM Grand parking garage. Worth the hike?

And then there are those nasty loan payments for last year's USD 130 million makeover.

There's a USD 225 million bid for the property , but nothing's been signed yet, so it's not too late to weigh in.

## **Casino MonteLago**

Location! Location! Location! (in the boondocks).

The MonteLago is hardly a fixer-upper. The small, Tuscan winery-themed casino opened at ritzy Lake Las Vegas in 2003 – before there was much of a locals market to tap into. As a result, it has struggled to find its legs and make money, and recently changed hands in a deal that is expected to close in the fall. So you may be too late to grab this one.

„It was definitely a mistake to open that early,“ said Johan Finley, chief executive of PDS Gaming, a company that leases slot machines to casinos. Finley formed a separate company to buy MonteLago.

Despite being situated in a swanky neighborhood with boutiques and the next-door Ritz-Carlton, there still wasn't enough traffic to support a casino, Finley said. Moreover, it was hard to attract gamblers from the closest civilization – Henderson neighborhoods at least 10 miles away – because they can patronize closer casinos with more amenities.

Finley is betting on future growth around Celine Dion's neighborhood to turn MonteLago's fortunes around.