

Tropicana appeals loss of casino license in New Jersey

Tropicana Entertainment on Tuesday filed a long-threatened appeal of New Jersey regulators' decision to strip it of its Atlantic City gaming license. The Crestview Hills-based affiliate of hotelier Columbia Sussex was denied the license in December by the New Jersey Casino Control Commission, which fined the company USD 750,000 in civil penalties.

The regulators cited poor management practices, a lack of cleanliness and a failure to abide by state regulations after owner William J. Yung III laid off more than 1,000 employees.

Tropicana now accuses Garden State officials of „abuse of regulatory discretion“ and a „lack of requisite neutrality and impartiality.“ The company is asking a New Jersey appellate court to throw out the decision, claiming regulators acted arbitrarily and „relied on ad hoc rulemaking and standard-setting.“

New Jersey's denial of the Tropicana Casino & Resort's license was a severe blow to Yung's budding gambling empire. State officials are actively seeking to sell the casino to another operator – likely at a loss to Tropicana Entertainment.

Meanwhile, the license denial threatened to trip a series of technical defaults of loans that Yung used to acquire Aztar Corp. for USD 2.8 billion in early 2007, bringing the Atlantic City casino and its storied Las Vegas sister casino into the fold. Tropicana acknowledged in December it could be forced to file bankruptcy, but it negotiated for more time from its lenders.

Tropicana has also become the target of a USD 960 million lawsuit by bondholders following the license debacle. The appeal comes months after the company sought to block

implementation of the gaming commission's ruling. Tropicana never succeeded in obtaining a hearing date on that legal petition.