

Tropicana files for bankruptcy, casinos keep going

New York (Reuters) – Privately held Casino operator Tropicana Entertainment LLC, which had its New Jersey casino license pulled last year, said it filed for bankruptcy protection on Monday.

The Chapter 11 filing marks one of the largest bankruptcies so far this year and underscores a decline in the fortunes of casinos as the gambling boom of the past few years fades in the face of an economic slowdown.

Tropicana, which owns the famed Tropicana casino in Las Vegas, as well as eight other properties in smaller regional U.S. gambling markets, said its casino and resort properties „are more than adequately financed“ and it expects to continue normal operations and staff levels.

The company is the former owner of the Tropicana Hotel Casino in Atlantic City, which last December was placed in a trust after the New Jersey Casino Control Commission voted not to renew the casino’s license.

Tropicana said the Atlantic City property, which the trustee is taking bids on, is not part of the bankruptcy filing.

The company said it plans to fund operations with its own cash flow as well as USD 67 million in debtor-in-possession financing provided by Silver Point Finance.

Tropicana said in a regulatory filing last week that it had received a default notice from Credit Suisse Group, the agent for its lenders on a USD 1.3 billion credit agreement.

The company said in the filing with the U.S. Securities and

Exchange Commission that its existing forbearance agreement with lenders was dependent on payment of a fee of up to USD 3 million to lenders by the end of Monday, and that restructuring in bankruptcy was a possibility if that condition was breached.

„The period ahead is an opportunity to work with all of our constituents to address our debt issues and reorganize our business so that we can optimize the value of the company’s assets,“ President Scott Butera said in a statement on Monday.

The company was created by hotel and casino investor William Yung’s Columbia Sussex Corp when it outbid several rivals to acquire Aztar Corp for USD 1.9 billion in 2006.