

Tropicana's former owners want casino license back

Trenton, New Jersey – Six months after they were run out of town, and with the search for a new owner nearing the finish line, the former owners of the Tropicana Casino and Resort tried Tuesday to get their casino license back and stop the sale of the property.

Citing a litany of problems, the New Jersey Casino Control Commission denied the Tropicana's owners a new license in December, a ruling that will force the property to be sold.

The Tropicana, which includes New Jersey's largest hotel, is continuing to operate under a state-appointed conservator, retired state Supreme Court Justice Gary Stein. He is seeking a buyer for the property; money from the sale will go to the former owners.

However, the sale cannot take place until an appeal by the former owners is decided; judges hearing the appeal on Tuesday gave no timetable as to when their ruling would be issued.

Appearing before a three-judge appellate panel in Trenton, a lawyer for a group of companies owned by William J. Yung III argued that the New Jersey Casino Control Commission misunderstood its own rules when it revoked the Tropicana's casino license.

Attorney Karen Confoy also said the commission was not legally entitled to take staffing levels into account in deciding whether corporate affiliates of Kentucky-based Columbia Sussex Corp. deserved to keep their license. The company began laying off employees almost as soon as it took over the Tropicana on Jan. 3, 2007, ultimately eliminating nearly 1,000 jobs.

„There is nothing in the (law) that suggests licensure depends

on the commission's approval of day-to-day operations, including staffing," she said. „No one has ever been denied a license on the basis of staffing decisions.

„Mr. Yung came in; there was no standard to regulate his business philosophy as far as what was correct staffing, what was right-sizing," she said.

Attorneys representing the casino commission and the state Division of Gaming Enforcement said the license denial was based on a host of problems that Yung's companies exhibited in less than a year of ownership. One of the most serious, in the state's view, was the failure to have an independent audit committee in place for six months.

The committee needed to be independent of management in case questionable activities needed to be examined, state officials said.

And Yung and his executives, while operating successful hotels elsewhere in the country, were clearly in over their heads in Atlantic City, said Steven Ingis, a lawyer for the casino commission.

„He had never endeavored to operate a casino hotel of this size and magnitude," Ingis said. „The record shows he was woefully unprepared for that daunting task."

The layoffs led to problems with cleanliness and customer service at the Tropicana last year. That added up to a lack of business ability, another reason for the denial, Ingis said.

And the company was difficult to deal with and slow to comply with state requirements, Ingis added.

„There was a recalcitrance and a defiant attitude," he told the judges.

Beverly Tanenhaus, a deputy attorney general representing the state Division of Gaming Enforcement, acknowledged that the

division had recommended granting Tropicana a one-year license instead of the usual five, but was overruled by the casino commission.

That decision is supported by ample evidence, she told the judges.

„They instituted immediately mass, unanalyzed layoffs,“ Tanenhaus said. „It resulted in a loss of customer service, a loss of customers, and a loss of revenue. They had a pressure to cut the bottom line.“

Confoy said the commission's own regulations permit casino operators to adhere to their own business philosophies in terms of what is efficient and necessary, and said an audit committee that included corporate management was sufficient to comply with the law.