

State Regulators Gear up for Casino Bankruptcies

Nevada's casino regulators are forming a team of securities experts, auditors and staffers to handle possible bankruptcies and debt restructurings in the gambling industry.

State Gaming Control Board Chairman Dennis Neilander said in a letter to Nevada's industry licensees that the team's activity could disrupt some of the board's usual routine but is needed to help bring resorts out of bankruptcy.

„Unfortunately, Nevada gaming and tourism have not been spared consequences of the ongoing economic challenges facing the country,“ Neilander said.

„Already, there are a few large gaming companies in bankruptcy, along with a few smaller licensees,“ Neilander said. „More are anticipated.“

Neilander said the board and its parent Nevada Gaming Commission may have to handle several cases „within a limited timeframe,“ and that's where the special GCB team will be most needed.

The team will include staffers from the board's seven divisions covering corporate securities, audits, taxes and licensing, technology, enforcement and investigations.

Here are some of the companies already working on restructuring their debt:

- In recent weeks, Las Vegas-based Herbst Gaming Inc. announced plans to give up control of its casino businesses while it seeks to restructure its debt in bankruptcy court. Herbst is to give up ownership of 15 casinos in Nevada, Iowa and Missouri but keep 90 percent

control of its slot machine operations in stores, bars and restaurants across Nevada.

- Tropicana Entertainment LLC, owner of the 51-year-old Tropicana Resort & Casino on the Las Vegas Strip, said last month that it could emerge from bankruptcy court protection this spring. The company has sent ballots to creditors on a restructuring plan that will wipe out the equity interest of former owner William J. Yung III. Court confirmation hearings are to begin April 27.
- Regional casino operator Station Casinos Inc. recently extended its deadline to work through a restructuring plan. It wants to swap high-cost debt for low-cost debt and a USD 244 million capital infusion through a prepackaged bankruptcy.
- MGM Mirage Inc., struggling under more than USD 13 billion in debt, last month made a USD 200 million equity contribution to its USD 8.7 billion CityCenter development on the Las Vegas Strip but still must contribute USD 800 million with its partner Dubai World to free up a USD 1.8 billion credit facility that will complete funding for the project. It has won a waiver of some loan terms.
- Privately held casino operator Harrah's Entertainment Inc. recently won an extension on some debt. Las Vegas-based Harrah's had USD 23 billion in long-term debt at the end of 2008.
- And casino operator Riviera Holdings Corp. has announced it will miss a roughly USD 4 million interest payment and may be headed into bankruptcy.