

Mohegans seek success in NJ through Margaritaville

Written by Administrator
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ATLANTIC CITY, N.J. (AP) — An unusual arrangement is coming soon to Atlantic City in which the Mohegan Indians will buy a piece of Resorts Casino Hotel in Atlantic City and run its day-to-day affairs.

The deal centers on a \$35 million expansion that will bring a Margaritaville restaurant to the casino, splashing palm trees and parrots across its facade. But the casino's existing Roaring '20s theme, adopted to take advantage of interest in the hit HBO series "Boardwalk Empire" about Prohibition-era Atlantic City, is staying, too.

The idea is to bring new excitement (and new customers with their new money) to a casino that has struggled since nearly having to close two years ago. The alliance with the Mohegans and their well-established casinos in Connecticut and Pennsylvania should give a big boost to Resorts, which was the first casino in the United States to open outside Nevada.

"We are really excited about this," said Mitchell Etes, CEO of the Mohegan Tribal Gaming Authority. "It's a win-win for everyone involved."

The arrangement must be approved by New Jersey casino regulators. A vote has yet to be scheduled, but one could come next month.

It became necessary following the sudden death of Resorts co-owner Dennis Gomes in February. A veteran of the casino industry, and the inspiration for the hit movie "Casino," Gomes had been working to turn Resorts around from years of losses under previous ownership to bigger, newer competitors in Atlantic City and in surrounding states.

Following Gomes' death, Resorts owner Morris Bailey began discussing a marketing alliance with the Mohegans, but talks progressed quickly into a deal to have the tribe's management arm, Mohegan Gaming Advisors, provide the experience and know-how that was missing without Gomes at the helm.

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Etes is particularly proud that the Mohegans are being called on to run an established commercial casino.

"What it shows is how the gaming industry has changed, and how tribal gaming has grown," he said. "It used to be that commercial casino companies would help tribes build and run casinos. Now it's the other way around; things have progressed to the point where commercial casinos want us to come in and help them."

Etes said he hopes to have the Margaritaville restaurant running by Memorial Day weekend. It will occupy the Boardwalk frontage of the casino where two smaller restaurants now sit. Across the Boardwalk, a Landshark Bar & Grill will be built on the sand, along with bocce ball and volleyball courts.

"Margaritaville is a big draw; it's the highest grossing restaurant in Las Vegas, and the one we have (in Connecticut) does very well — and neither one of them is anywhere near a beach," Etes said. "The potential for this kind of attraction literally right on the beach is just fantastic."

Margaritaville, named after Jimmy Buffett's most famous song, nearly came to Atlantic City four years ago when a New York developer inked a deal to buy what was then the Trump Marina Hotel Casino and re-brand it. But that deal fell apart, and the casino was bought by the owners of the Golden Nugget.

Aside from Margaritaville, the biggest part of the deal is the affiliation of Resorts with Mohegan Sun properties in Connecticut and Pennsylvania; players will be able to use comps and credits at any of the three casinos interchangeably. That's exactly what Carol Gleason of Saddle Brook, N.J., plans to do.

"We go to Foxwoods now, but I'll have to try Mohegan Sun," she said during a morning of craps and slot machine gambling at Resorts. "That sounds nice."

Steve Norton, an Indiana casino consultant who was vice president of Resorts when it opened in 1978, says there's a lot to like about the deal, citing the group's casino experience.

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"Mohegan, which was recently refinanced, brings a stronger balance sheet to the partnership, which is paramount in today's Atlantic City," he said. "The tribe and its excellent player base in New York and north Jersey can be shared by Resorts."

Nonetheless, Resorts still has problems, Norton added.

"The picture is bleaker over the next six to nine months, starting after Labor Day," he said. "Resorts has positive impacts coming from the addition of Jimmy Buffett's Margaritaville; but it remains to be seen if this type expansion will put customers in beds those 200 mid-week nights from September thru next June."

Gomes' son Aaron, Resorts vice president, has been helping to run the business since his father's death, and Resorts has inched back toward profitability. It posted a gross operating profit of \$199,000 in the second quarter of this year compared with a \$5.9 million quarterly loss a year ago. Etes has asked the younger Gomes to stay on under the new regime, but he has yet to decide whether to do so.

Etes said Resorts will keep its Roaring '20s theme in the non-Margaritaville portions of the property. The hotel, which was built in the 1920s, has marble and wood that would be costly to replace, but that still looks elegant, he said. Staying, too, are the flapper-style costumes that female beverage servers wear (and that have generated two lawsuits from older workers who claim they were fired after being judged insufficiently sexy in them).

Etes said the Mohegans have wanted to enter the Atlantic City market for years, but did not want to spend \$1 billion or more to build a casino from scratch. This deal provides an affordable entry to the market, currently ranked third in the U.S. after Nevada and Pennsylvania.

He also said the tribe has no plans to eventually buy Resorts outright. But if it does a good job running it and restoring it to profitability, that could open the doors to other management jobs at non-Indian casinos.

"It's a great opportunity to show what we can do," Etes said. "We know we can do a great job."

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