

Union: New Jersey Casino Warns of Possible Closure

Written by Administrator
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Workers at Atlantic City's Showboat Casino Hotel will receive notices on Friday warning that the casino may close in two months, a union official said Thursday.

Bob McDevitt, president of Local 54 of the Unite-HERE union, said a Caesars Entertainment executive told him that the casino's approximately 2,500 workers would get so-called WARN Act notices on Friday.

Those notices are required under federal law to give employees 60 days' notice that their company could be closing.

McDevitt called the closing threat "a criminal act."

Caesars Entertainment officials did not return messages seeking comment Thursday night. The Mardi-Gras-themed Showboat is one of four casinos that the company runs in Atlantic City.

McDevitt said he has not seen the notice and that a top Caesars Entertainment executive did not go into detail about what it would say.

"We were contacted by the company today that the warning notices would be issued on Friday," McDevitt said. "I don't have a copy of the notice. But they're pretty straightforward: they tell you you have 60 days."

It is possible the notices could be rescinded if circumstances change. Revel Casino Hotel issued WARN notices to its own workers earlier this month just before it filed for bankruptcy for the second time in as many years. The notices told workers that Revel could close this summer if a buyer is not found in bankruptcy court.

But McDevitt said he is convinced Caesars intends to close the Showboat, the

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poorest-performing of its Atlantic City casinos.

"Caesars closing a casino which remains profitable with positive (earnings) is a criminal act committed on the people of Atlantic City," he said.

For the first quarter of this year, the Showboat posted a gross operating profit of nearly \$2 million. But that was down from a profit of nearly \$8.5 million in the first quarter of 2013.

So far this year, the Showboat has taken in \$66.2 million from gamblers, ranking it seventh out of Atlantic City's 11 casinos. That represents a decline of nearly 16 percent from the same period in 2013.

Caesars CEO Gary Loveman said earlier this year that Atlantic City has too many casinos, and that more need to close. Loveman said during an earnings conference call in May that Atlantic City has been the biggest problem for his global casino company for several years and that one option is to reduce capacity.

"There's much too much capacity in Atlantic City currently," Loveman said in the call. "We've experienced that as the largest provider. So we are looking at all of our options to continue to reduce the cost of doing business here."

Caesars Entertainment and Tropicana Entertainment made a joint bid on the Atlantic Club when it was in bankruptcy court, stripped it of assets including slot machines and other equipment and shut it down on Jan. 13.

It recently sold the Claridge hotel tower of its Bally's Atlantic City property to a Florida company, and sold the Atlantic City Country Club to a private buyer. It closed a casino in Tunica, Mississippi, this month.

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