

## Like a Domino, Another Atlantic City Casino Falls

Written by Administrator

Saturday, 28 June 2014 01:15 -

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Photo



Three casinos are the latest victims of Atlantic City's troubled gambling industry. Showboat is scheduled to shut down Aug. 31.  
Rainey for The New York Times

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Matt

The Atlantic Club casino closed in January. Last week, Atlantic City's newest casino, Revel, filed for bankruptcy protection for the second time in two years.

Despite the rumors coursing past the slot machines and blackjack tables, Rina Rimska still believed that there was hope for Showboat, the casino where she has served cocktails for over 13 years.

But on Friday morning, she received a text message from her union representative that Showboat and its 1,300-room hotel would shut Aug. 31, putting more than 2,100 people out of work.

"We were all in a state of denial," Ms. Rimska said Friday. "We thought the company wouldn't close. But there's just so much competition from Pennsylvania. And now New York is going to open casinos."

Showboat's fate is only the latest sign of distress in one of the largest gambling markets in the country, where industry revenues have taken a nose dive, down to \$2.9 billion last year from a high of \$5.2 billion in 2006.

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reposition the city as a grand seaside resort. The state cleaned up the boardwalk. But analysts predict there is more pain to come.

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“It’s possible we’ll see one or two more closings,” said Alex Bumazhny, a casino analyst at Fitch Ratings, a credit-rating agency. “There’s definitely room for consolidation. People recognize that Atlantic City won’t disappear, but the declines aren’t over yet.”

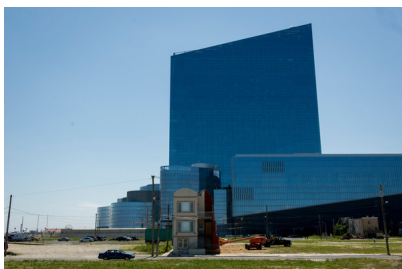
Atlantic City boosters say that the city will retain a gambling industry, if only because the tax rate on casinos is 9.25 percent, far lower than the rate for casinos in Pennsylvania or for electronic slot parlors at racetracks in New York.

Mayor Don Guardian maintained on Friday that while his city’s gambling industry was going through a wrenching transition, hotel occupancy remained strong, non-gambling revenues were up and the convention business was growing.

“I believe that Atlantic City’s best days are still ahead of us,” Mr. Guardian said.

The owner of Showboat, Caesars Entertainment, said on Friday that its decision was brought on by “persistent declines in business levels” and high property taxes in Atlantic City.

Photo



Revel has filed for bankruptcy protection.

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But Bob McDevitt, president of Local 54 of Unite Here, a union representing thousands of casino workers in Atlantic City, denounced the move, saying it was “a criminal act” against the people of the city to close a casino that posted an operating profit in March.

Jan Jones Blackhurst, executive vice president of Caesars Entertainment, countered that the 27-year-old Showboat did not actually make money after debt payments and property taxes were deducted. It is a matter of triage for a company that also operates the Harrah's, Caesars and Bally's casinos in Atlantic City.

“It was a hard decision,” Ms. Blackhurst said Friday. “But when the market slides from \$5 billion to \$3 billion, you’ve got to right-size to protect the rest of the jobs and revenues in Atlantic City.”

Still, Caesars is one of the companies expected to bid for Revel at a bankruptcy auction scheduled for Aug. 6. Revel, which opened two years ago, has said that it could close as soon as Aug. 18 if it fails to find a buyer.

The only casino with windows facing the ocean, Revel was supposed to represent the resort of the future for Atlantic City. Competing operators may find the Revel's luxurious, relatively new interior more valuable than their existing properties.

Caesars bought the Showboat casino and hotel in 1998. More recently, Caesars and Tropicana Entertainment bought the aging Atlantic Club in bankruptcy and closed it.

But Caesars is building a \$90 million meeting and conference center next to Harrah's casino and recently renovated the casino floor at Bally's.

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