

Icahn Aide: Taj Has to Close If Union Pact Remains

Written by Administrator

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A federal bankruptcy court judge will issue what the owners of Atlantic City's Trump Taj Mahal Casino Resort consider a life-or-death decision on Friday for the troubled gambling hall.

Trump Entertainment Resorts and billionaire investor Carl Icahn want the judge to cancel the casino's union contract, saying it can't survive without shedding costly pension and health care obligations.

Allan Brilliant, a lawyer for Icahn, told U.S. Bankruptcy Judge Kevin Gross on Tuesday that Trump Entertainment needs the financial relief that breaking the union contract would provide. As the judge appeared to be making up his mind whether to rule on the question, Brilliant said if the decision went against the company, the business could not survive.

Trump Entertainment has threatened to close the casino by Nov. 13 if it cannot shed its pension and health care obligations to the Taj Mahal's 3,000 workers.

"If you don't grant the ... motion, it's just not viable as a business," Brilliant said. "Ultimately very quickly the casino will close. This is the window here; the window is open."

Icahn, who owns the Taj Mahal's \$286 million in debt, would swap that debt for ownership of the casino, and invest \$100 million into it. But that investment is contingent on massive government aid from Atlantic City and the state.

Kris Hansen, a lawyer for Trump Entertainment, made a similar argument.

"If you do grant it, we have a chance to stay alive," Hansen said. "The cost structure of this casino doesn't work, and it needs to be fixed. If we're successful, employees get to keep their jobs, even though they made some concessions. Having a job is better than not having a job."

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Earlier in the day, he likened the Taj Mahal to a critically ill patient on an operating table with a room full of doctors all looking at each other, with no one doing anything to save the patient.

The company says it needs big union concessions and massive tax breaks from Atlantic City and New Jersey — both of which have already rejected the demand. It originally sought to have Atlantic City lower its property tax assessments by nearly 80 percent, to have the state contribute \$25 million in tax credits, and for union workers to give up their pension and health insurance. It would provide \$2,000 stipends for workers to find their own coverage under the Affordable Care Act.

Kathy Krieger, a lawyer for Local 54 of the Unite-HERE union, said Icahn is trying to profit on the backs of the low-wage workers. She characterized Icahn's stance as, "Let's look at the poorest of the stakeholders here and make sure they give up everything permanently before we're even willing to move. That's absolute nonsense. "

She said Icahn, who also owns the Tropicana Casino and Resort, is "asking for major concessions that will give him a huge competitive advantage over every other casino in Atlantic City."

After getting a negative reaction from Atlantic City Mayor Don Guardian and state Senate President Steve Sweeney, the company revised its financial request from the state. It is now seeking \$175 million in relief through a so-called PILOT program — payments in lieu of taxes — and the receipt of two types of state economic grant not usually available to casinos: the Economic Redevelopment Grant and the Urban Revitalization Grant. State legislators would have to vote on letting the casinos into the program.

The Taj Mahal would be the fifth of Atlantic City's 12 casinos to close this year. The company was supposed to have told state casino regulators by Monday whether they planned to close the casino, but got an extension until Oct. 20 to see what the judge decides.

Its lawyers said the casino's financial situation is so dire that it has been selling used mattresses and televisions from the closed Trump Plaza casino to generate extra cash.

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