

ICAHN: The Trump Taj Mahal Casino 'Will Almost Certainly Close'

Written by Administrator
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Reuters

Billionaire investor Carl Icahn says the struggling Trump Taj Mahal casino "will almost certainly close."

The would-be purchaser of the casino told the Associated Press on Thursday night that the casino's finances were dire.

Four of Atlantic City's 12 casinos have closed this year, and the Taj Mahal would be the fifth.

Icahn, sounding very much like a man growing tired of the whole topic, said that even though he wouldn't back out of a deal he made with owner Trump Entertainment Resorts to acquire the Taj Mahal and pump \$100 million into it, he wishes he never answered the phone when the company first called him about it.

"One overriding fact is perfectly clear: The Taj is quickly running out of money and will almost certainly close," Icahn told the AP. "Reprehensibly, the union, instead of working with, and trying to help, the company to keep the Taj alive, is instead doing everything to destroy the possibility of saving the jobs of over 3,000 employees."

Union members said they would picket outside the casino on Friday night to protest a

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court-ordered termination of employees' healthcare and pension plans.

"It's really hard to know what to believe from him anymore," Bob McDevitt, president of Local 54 of the Unite-HERE union, said of Icahn. "It's pretty bizarre to say you want to help, when you start out as a lone wolf ripping away workers' livelihood and dignity. Everyone else in this city and state is working together to move Atlantic City forward. You can't start by moving thousands of people backwards."

Trump Entertainment has declined to comment. It had threatened to close the Taj Mahal on Nov. 13 if it didn't get a judge to free it from making healthcare and pension payments for the casino's workers. It now promises to keep the casino open at least through November.



REUTERS/Jason Reed A jogger runs past the Trump Taj Mahal Casino on the boardwalk at Atlantic City, New Jersey, on Aug. 27, 2011.

For decades Atlantic City enjoyed a monopoly on gambling on the east coast. But as casinos popped up in neighboring states, gamblers found they no longer needed to drive or ride buses to New Jersey to play the slots or table games. Atlantic City's casino revenue has fallen from \$5.2 billion in 2006 to \$2.86 billion last year, and it will be considerably less this year with the closures of at least a third of its casinos.

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Trump Entertainment Resorts acknowledges its finances are dire but says it is doing everything it can to preserve the Taj Mahal and the jobs. It previously warned it was in danger of running out of money in early December, before it got a bankruptcy court judge to cancel its contract with Local 54 of Unite-HERE. The move saves the company \$14.6 million a year.

Icahn also owns Atlantic City's Tropicana Casino and Resort, which he bought out of bankruptcy in 2010. He said he was approached by Trump Entertainment about canceling the \$286 million in company debt he owns and converting that into ownership of the Taj Mahal.

The plan involves him investing \$100 million into the casino but only if the union contract is canceled and if the state contributes \$175 million in aid — a request already rejected by state Senate President Steve Sweeney. An earlier plan, since dropped, also called on Atlantic City to grant large tax breaks to the company.

Icahn said he had "walked into a hornet's nest here."

"Frankly, several of my advisers have told me that if the city and the state did not come up with the money, they'd be doing me a large favor," Icahn said. "Even if we get the concessions from the city and the state, we're going to lose a lot of money. Everybody thinks I'm trying very hard to do this. I'm not."

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