

Firm Cancels Plan to Buy Closed Revel Hotel Casino

Written by Administrator
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A Toronto-based company abandoned its plan to buy the former Revel Casino Hotel in Atlantic City on Wednesday, dealing another blow to a city reeling from a string of casino closures and the disappearance of thousands of jobs.

Brookfield Asset Management said in a brief statement that it had "terminated the Revel acquisition."

The company planned to buy the casino for \$110 million from bankruptcy court. It had said it would reopen the business as a casino-hotel but never said how soon that would happen.

Its withdrawal could pave the way for Florida developer Glenn Straub to acquire the former casino. Straub was the first to put a bid on Revel, offering \$90 million as a so-called stalking horse that set the floor for the bankruptcy court auction.

He eventually was outbid by Brookfield but is challenging the court's decision to approve the company's \$110 million bid, claiming, among other things, that Revel attorneys had a conflict of interest because they had represented Brookfield in an unrelated matter.

Straub's attorney, Stuary Moskowitz, said he has three options. The first is to pursue the appeal and try to invalidate the court-approved sale for \$110 million, meaning Straub would get the property for \$90 million. The second is to drop that appeal and seek to be awarded the property for the \$95 million Straub had bid before Brookfield made its final offer. The third is to walk away from the sale.

"All three are viable options," Moskowitz said, adding that he had not spoken with Straub and did not expect to do so until late Thursday.

Straub had considered several options for Revel, including a "genius academy" where the world's top minds would gather to tackle humanity's most pressing problems. He was vague on whether he planned a casino at the site.

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Atlantic City Mayor Don Guardian, who has been relentlessly optimistic as the foundation of his city's economy crumbles in his first year in office, remained that way in the face of the Revel deal's collapse.

"I am sorry to hear that the Brookfield transaction was not completed," he said. "Although Brookfield would have been a good fit for Atlantic City, we will continue to attract new investors. Atlantic City is a resilient city, and better days are still ahead of us."

Revel opened in April 2012 at a cost of \$2.4 billion and never turned a profit. After filing for its second bankruptcy, its owners closed the casino resort on Sept. 2.

Brookfield's announcement came as hundreds of casino workers were protesting a planned shutdown of the Trump Taj Mahal, which would become the fifth Atlantic City casino to close this year if it shuts in December as threatened. So far, 8,000 casino workers have lost their jobs; 3,000 more would be unemployed if the Taj Mahal closes on Dec. 12.

Casino revenues have been falling for years as a result of increased competition, including from neighboring Pennsylvania, now the second largest commercial gambling market in the nation.

When the first Pennsylvania casino opened in late 2006, Atlantic City's annual casino revenues were \$5.2 billion. Last year they were \$2.86 billion, and they will be significantly less than that this year.

Brookfield's decision to walk away from the deal was first reported by The Press of Atlantic City.

Brookfield spokesman Melissa Coley told the newspaper that the decision stemmed from a disagreement with bondholders controlling debt related to Revel's power plant. The cost of operating the plant was one of several factors that kept Revel from becoming profitable. Several casino executives said they believed the long-range plan was to have the plant provide power to other development expected to follow Revel to its northern corner of the beachfront, but that

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development never happened.

A Revel spokeswoman declined to comment.

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