

Atlantic City Revel casino woes

Written by Administrator

Monday, 02 February 2015 21:18 -

ATLANTIC CITY, N.J. — Its sale already stalled and hanging by a thread, things have gotten even worse for Atlantic City's former Revel Casino Hotel as its sole utility supplier said it will cut off electricity, heat and water service to the building on Thursday unless its accrued debts are paid.

The owners of the former casino fought back by insisting the move would violate a court order, and asked a judge on Monday to fine ACR Energy Partners \$10 million, plus \$1 million for each day the company fails to provide utility service to the building.

The skirmishing came as Revel's proposed sale to Florida developer Glenn Straub is on hold, suspended late last week by a federal appeals court judge who ruled that the appeal of restaurants at the former casino should be heard first.

The sale is due to close by Feb. 9, and Straub's lawyer said Monday he could walk away from the deal if it does not close by then.

"There is no overt threat, but it remains a possibility," Stuart Moskowitz told The Associated Press. "We will have to weight all the factors at that time."

Straub was the runner-up in a bankruptcy court auction of Revel last fall and would pay \$95.4 million for the property, which cost \$2.4 billion to build and which never turned a profit in its two-plus years of operation. Straub envisions a smaller casino, a water park, a hotel, condominium units and restaurants at the site once he owns it.

He was approved as the buyer after a Canadian firm, Brookfield Asset Management, scrapped its deal in November to buy Revel for \$110 million, citing its inability to reach a deal with bondholders over debt from the power plant's construction.

Appeals Court Judge Thomas Ambro gave Revel until 4 p.m. Tuesday to respond to his order placing the sale on hold. The casino had not filed a reply as of mid-afternoon on Monday.

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Frank DiCola, CEO of ACR Partners, wrote in a letter to Revel that the casino's continued refusal to guarantee it will pay its debts leave the company little choice.

"Unless ACR is made assured of payment on its accrued obligations prior to such time, ACR will discontinue operation of its central utility plant and the provision of such services," he wrote.

The company originally set 5 p.m. Wednesday as its deadline, but agreed to extend that for a day in an email to Revel attorneys, making the deadline 5 p.m. Thursday.

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