

Union: Protect casino workers from hedge fund neglect

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Entertainment, which owns the Caesars, Harrah's and Bally's casinos in Atlantic City, and MGM Resorts International, which owns the Borgata.

He said such firms prize the quick extraction of profits from properties for the benefit of investors, often to the detriment of workers and their communities. Caesars Entertainment, for example, shut down the still-profitable Showboat casino in Atlantic City in 2014 because it was not deemed profitable enough.

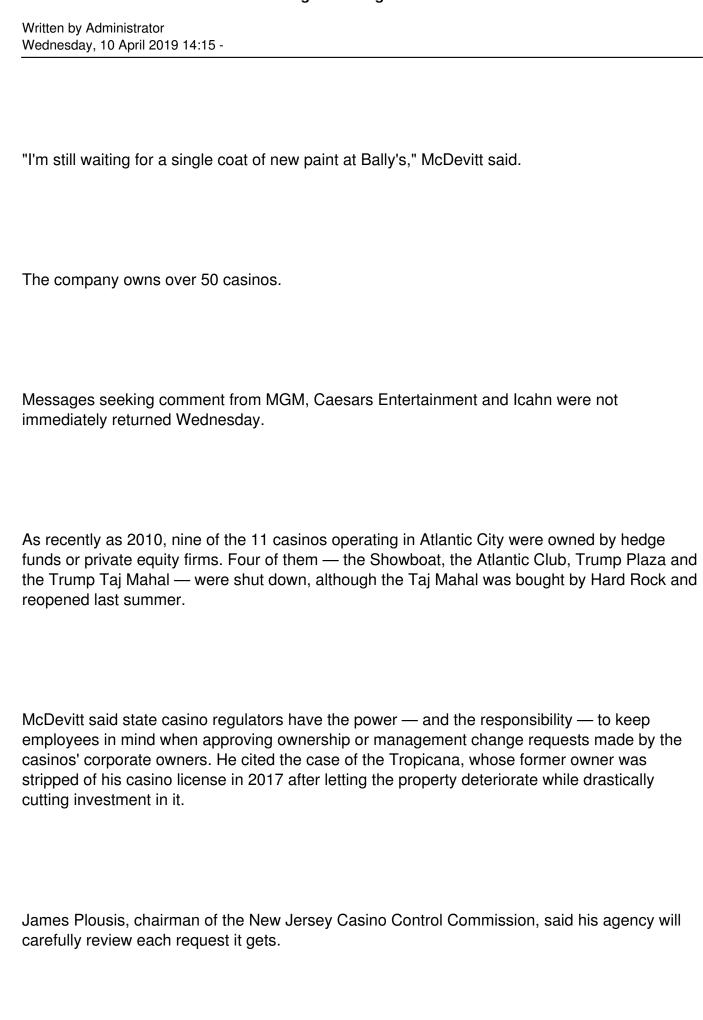
"We were devastated," said Cindy Pemberton, who worked at the Showboat for 27 years. "No one would have thought that a profitable casino would close down. Many of my other co-workers never found jobs. Some have lost their homes and have to rely on state assistance to get through."

McDevitt said private equity "has been a disaster for Caesars Entertainment, the workers and for Atlantic City. No one should have a license to strip money out of someone's pocket. We've been down this road before. Casinos were closed and thousands of jobs were lost. We don't want to go through another five to 10 years of vanishing jobs so a few guys can make money."

He cited several recent transactions in which hedge funds or private equity investors were able to affect far-reaching changes in casino companies while holding relatively small percentages of the firms, including Carl Icahn winning three board seats at Caesars Entertainment and effectively gaining the right to select its next CEO.

Under the control of Apollo Global Management and TPG Capital following a leveraged buyout in 2008, McDevitt said Caesars was left a "disastrous level of debt" that ended in the casino company's bankruptcy.

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"We will do our due diligence on all these applications as they come forward," he said.

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