

NEW OWNER FOR OLDEST CASINO

GOMES TO BUY RESORTS

Property 'has always had a special place in my heart'

By DONALD WITKOWSKI
Staff Writer

ATLANTIC CITY — Gaming executive Dennis Gomes announced Monday that he has agreed to buy Resorts Atlantic City, the town's oldest casino, for an undisclosed price just nine months after lenders took over the property when it defaulted on its mortgage.

The sale saves Resorts amid predictions that the aging and undersized Boardwalk property simply would not have survived much longer unless it came under new ownership. The announcement gives some lift to a gaming market stuck in a four-year economic slump and dealing with growing competition from rival casinos in surrounding states.

"We are hopeful that this will not only revitalize Resorts, but all of Atlantic City," said Linda M. Kassekert, chair of the New Jersey Casino Control Commission. "We have worked closely with Resorts to help stabilize that property for the benefit of the 2,100 employees whose jobs were at risk. This deal will preserve those jobs and hopefully create even more employment as the property improves."

Gomes settled on Resorts after spending the past three years unsuccessfully trying to acquire the Trump Entertainment Resorts Inc. casinos and Tropicana Casino and Resort. The 30-year veteran of the Atlantic City and Las Vegas markets had previously served as a senior executive at Trump Taj Mahal Casino Resort and at Tropicana.

"I believe in this property," Gomes said of Resorts. "It heralded the beginning of casino gaming in the East and has always had a special place in my heart. It is an exciting place with a lot of history, and we are going to bring it back to life with even more energy and vitality than it possessed at its creation in 1978."

Resorts, which began Atlantic City's casino era when it opened May 26, 1978, has had a turbulent history of multiple bankruptcies, a succession of owners and promises of expansion plans that were never fulfilled.

The 942-room casino hotel had been on the market since lenders grabbed control in December after the casino defaulted on its \$360 million mortgage and faced possible foreclosure. Never before in Atlantic City had lenders become casino owners in that way.

Gomes, 65, is buying the property from RAC Atlantic City Holdings LLC, which is headed by Wells Fargo Bank, the trustee

□ See Resorts, A7

The casino's history

See the key dates in the history of Resorts Atlantic City. A7



Staff photo by Michael Ein

Resorts stood alone when it was the first casino to open in Atlantic City on May 26, 1978. Today the casino — the white building at the center — is struggling to survive amid a slumping gaming market and competition from other states. The unfinished Revel project is in the background.



Gamblers play roulette Monday at Resorts Atlantic City. The 942-room casino hotel has been on the market since lenders grabbed control of it in December after the casino defaulted on its \$360 million mortgage.

Staff photo by Vernon Ogronek

Resorts latest challenge for 'visionary'

■ Credited with turning around the Taj and Tropicana, Dennis Gomes will soon have a casino of his own.

By DONALD WITKOWSKI
Staff Writer

ATLANTIC CITY — They call him an innovator, a visionary and a marketing genius.

Now, Dennis Gomes is ready to add a new title: casino owner.

As the soon-to-be owner of Resorts Atlantic City, he is facing his biggest challenge ever — revitalizing an aging, undersized casino in a fractured economy.

"If anyone can do it, Dennis Gomes can," said Michael Pollock, managing director of Spectrum Gaming Group, a casino consulting firm based in Linwood.

"He's got a good track record as being a visionary and for carrying out plans, someone who can motivate the troops, someone who can target niches," Pollock added. "If you put all of those skills together, in this instance, there's no one better to do what needs to be done at that property."

Gomes, 65, of Margate, has



GOMES

established himself as a larger-than-life character in his 30-plus years in the Las Vegas and Atlantic City gaming markets. Early in his career, as a gaming investigator in Nevada, he exposed a money-skimming scam at the Stardust casino in Las Vegas that inspired the 1995 movie "Casino" starring Robert DeNiro.

His career in Atlantic City included turns as a senior executive at Trump Taj Mahal Casino Resort and Tropicana Casino

□ See Gomes, A7

Resorts

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representing the lenders. Gomes is teaming up with his 29-year-old son, Aaron, to make the purchase through their consulting company, Gomes Gaming Inc. The deal, expected to take at least four months to complete, is pending regulatory approval by the Casino Control Commission.

Gomes said he does not plan to rename Resorts. However, he will embark on a new marketing strategy to revive a casino that has seen gaming revenue plummet 17.2 percent and has lost \$10.8 million so far this year.

"I promise everyone that it will ultimately be the place to be and to be seen and will be the center of fun and excitement in our fabulous city," Gomes said in a statement. "I have a passion for Atlantic City and believe in its future. I have disagreed with the doom-and-gloom analysts who have painted a bleak picture of our city."

Mark Juliano, chief executive officer of Trump Entertainment Resorts, called the Resorts deal "a vote of confidence" in Atlantic City's future.

"I think it's a good thing," Juliano said. "It's given us some traction and shows that there are still some people who are willing to make an investment in Atlantic City."

Atlantic City's overall gaming revenue is down nearly 8 percent this year. The sluggish economy and rival casinos in Pennsylvania, New York and Delaware continue to hammer the city's gambling houses, particularly the weaker casinos such as Resorts, the Atlantic City Hilton Casino Resort and Trump Marina Hotel Casino. Wall Street analysts have repeatedly warned that Resorts, the Hilton and Trump Marina are likely to go out of business unless they secure new owners and capital investment.

Gomes

(Continued from A1)

and Resort. Gomes said he managed to revive both of those casinos before he left, although some say he was forced out.

Why would he buy a money-losing casino that Wall Street analysts insist will have a hard time surviving?

"That same question was asked when I started at the Taj," Gomes said in an interview Monday, after his purchase of Resorts was announced. "When I started at the Taj (in 1991), the company was in bankruptcy and the Wall Street guys told me, 'Don't take it. It's a white elephant.'"



Blackjack dealer Pat Gray, of Egg Harbor Township, works Monday at Resorts Atlantic City.

The Hilton, which stopped paying its mortgage last year, is facing a court fight with lenders who want to force it into receivership and sell it. Trump Marina, the weakest of the three Trump Entertainment casinos, is back on the market now that its parent company has emerged from Chapter 11 bankruptcy protection under new ownership.

Casino values have plunged in Atlantic City's depressed real estate market. Trump Marina, for instance, was nearly sold two years ago for \$316 million to the New York gaming group Coastal Marina LLC. The price was later dropped to \$270 million in hopes of salvaging the sale, but the deal collapsed altogether last year. Most recently, Trump Entertainment has been shopping the Marina for \$75 million.

Gomes would say only that he is buying Resorts for less than the \$140 million that former owner Colony Capital LLC paid in 2001. Colony acquired it from Sun International Hotels, which had paid \$301 million to buy the property from celebrity CEO and "Jeopardy" creator

Merv Griffin in 1996. Griffin also struggled as the owner, taking Resorts through two bankruptcies in attempts to cure its financial troubles.

Resorts faces enormous challenges stemming from the age of the property and its small size compared with other Atlantic City casinos. The casino was carved out of the remains of a 1920s hotel called Haddon Hall. Colony Capital, though, built a new 400-room hotel tower in 2004 as part of a \$125 million makeover of the gaming hall. In addition to the casino-hotel complex, Gomes is getting 10.5 acres of vacant oceanfront property that could be used for future expansion.

Gomes said that Colony Capital and its partner, Nicholas L. Ribis, kept the property in good shape. Colony surrendered ownership when the lenders took over. Ribis continued to run the casino for the lenders and had expressed an interest in buying Resorts. Under Gomes' ownership, Ribis will not be part of the casino.

recovery at Resorts.

"My key strategy is caring about the people," he said. "The leader cares about his people, and the people know it."

Pollock said Gomes has always had a deep love for the casino industry and his enthusiasm rubs off on his employees.

"Everyone who meets Dennis likes him," Pollock said. "He has a way of demonstrating his enthusiasm. He clearly likes people and people sense that intuitively. He loves what he does. That's such an essential attribute in this business, because the people who work for him need to love what they do, too."

Gomes has also developed a reputation as a marketing expert, someone who has staged some of the wackiest

"The people with Resorts' management have done an unbelievable job of maintaining the quality of the physical assets there," Gomes said. "When I walked through it, I was amazed by the great condition of things and the quality of the rooms, the restaurants and the casino."

Customers, however, said Resorts needs even more sprucing up to overcome its dated appearance.

"I think it's not the most modern of the casinos if you look at the others," said Jennifer Harasck, of Hazleton, Pa. "This is old school."

Harasck suggested the casino should add attractions for families with children — "Something to make it more interesting," she said Monday after the sale was announced.

Carmen Facciolini and his partner, Carol Smith, both from Narvon, Pa., were also visiting Resorts on Monday. The couple, in the midst of a three-day stay, said they gamble at Resorts every month or two.

Smith said the hotel's older section could use a facelift,

Key developments in Resorts' history



Patrons wait in line to gamble at Resorts in May 1978.

May 26, 1978: Resorts International Casino Hotel, the city's first casino, opens in the former Chalfonte-Haddon Hall, 18 months after New Jersey voters approve casino gambling for Atlantic City.

April 1986: Resorts International Chairman James Crosby dies.

March 30, 1987: Donald Trump agrees to buy controlling interest in Resorts International and tries to take the company private.

Merv Griffin mounts a hostile takeover attempt. The next year, Trump and Griffin agree to split the company, with Trump getting the unfinished Taj Mahal and Griffin getting Resorts in Atlantic City and a casino in the Bahamas.

Nov. 13, 1989: \$912 million in debt, Resorts International files for bankruptcy protection.

March 21, 1994: Resorts files a second time for bankruptcy protection and reorganizes.

Dec. 16, 1996: Sun International Hotels Ltd. completes its purchase of Merv Griffin's Resorts Casino Hotel and changes the property's name to Resorts Casino Hotel.

April 26, 2001: Sun sells Resorts to Colony Capital for \$140 million.

Dec. 10, 2009: A group of lenders headed by Wells Fargo Bank takes over Resorts after the casino defaulted on its mortgage and faced possible foreclosure.

See an interactive timeline online

Revisit 32 years of Resorts casino history with an interactive timeline. Just click on this story at:

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HARASCK



FACCIOLINI



SMITH

but she noted they were staying in the more recently renovated part of the property.

If they could have the ear of the new owners, they both said they would tell them to

take care of the employees.

"The employees here are wonderful," Smith said.

Facciolini, who plays roulette and the slot machines, added that he wouldn't mind "a comp every month."

"Treat the low rollers as you do the high rollers sometimes," he said.

Staff writer Trudi Gilfillian contributed to this report.

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ty in the process.

His other attractions at Tropicana included a whirling money machine called the "Fortune Dome" and the "Amazing Cash Contraption," a ridiculously complex Rube Goldberg-like gadget that would spit out cash jackpots.

Gomes' grand achievement at Tropicana was the development of The Quarter, a Latin-themed retail, dining and entertainment complex that brought some Las Vegas-style pizzazz to Atlantic City in 2004.

In the past, Gomes denied that his departure from Tropicana in 2005 had anything to do with the catastrophic collapse on Oct. 30, 2003, of a parking garage that was part of The Quarter. The accident, which killed four workers, was

blamed on faulty design and construction. Gomes left Tropicana after a management shake-up at the property's former parent company.

Since 2005, he has looked for opportunities to get back into the Atlantic City market as a casino owner. In the past three years, he was unsuccessful in attempts to buy the Trump casinos and the Tropicana. Now, he is on the verge of taking over as the new owner of Resorts.

"He is a highly respected casino operator," said gaming analyst Jane Pedreira, of FBR Capital Markets & Co. "If anybody could do it, it would be Dennis Gomes."

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