

Casino Control Commission to decide on Ocean Resort Casino ownership transfer deal

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ATLANTIC CITY — State gaming regulators will consider approving a complex financial arrangement Wednesday that would set the stage for an ownership transition of Ocean Resort Casino.

The Casino Control Commission will hear a joint petition for a divestiture trust agreement between the casino's former principal owner, Bruce Deifik, and Luxor Capital Group, a New York-based hedge fund which provided significant funding for the property's purchase in January 2018. If approved, Luxor would increase its ownership interest in a holding company (TEN RE) of the casino licensee (AC Ocean Walk) from 34 percent to 83 percent, effectively terminating Deifik's rights as sole manager.

The commission's approval would create a financial arrangement where the majority interest will be held by a designated trustee, Eric J. Matejevich, former chief operating officer at the now-closed Atlantic Club Casino, until interim casino authorization is granted to Luxor. That process could take up to 90 days for an investigation by the state Division of Gaming Enforcement and an additional 30 days for the commission to set a hearing on the authorization.

Following approval for interim casino authorization, Luxor would then begin the more intensive, and lengthy, process of being qualified to hold a casino license.

The joint petition was filed with state gaming regulators on January 28, the same day that the casino and hedge fund put an end to speculation about who was in control of the \$2.4 billion megaresort after Deifik announced in mid-January he would no longer be the majority stakeholder.

Luxor Capital and J.P. Morgan Chase Bank were primary lenders to Deifik, who purchased Ocean Resort for \$229 million. The financing consisted of two bridge loans: \$110 million from JPMorgan Chase Bank and \$122.5 million from Luxor. The J.P. Morgan loan was repaid in June with a second loan of \$175 million from the bank.

The joint petition filed by Luxor and Deifik outlines how the recently announced \$70 million investment by the hedge fund will be allocated. According to the petition, \$50 million of Luxor's investment will be used to reduce the principal balance owed to J.P. Morgan. The remaining \$20 million will be used to acquire majority ownership interest of TEN RE.

Luxor has announced its intentions to construct the long-awaited buffet at Ocean Resort, as well as finish the uncompleted 12 hotel floors in the middle of the tower, which would add an additional 500 rooms to the existing 1,399.

The public meeting of the Casino Control Commission will begin at 10:30 a.m.