

Casino Control Commission approves Tropicana deal

DAVID DANZIS Staff Writer

ATLANTIC CITY — State gaming regulators on Tuesday approved Eldorado Resorts Inc. as the new parent company of Tropicana Atlantic City.

Following a nearly two-hour hearing, the Casino Control Commission granted Eldorado a plenary license as a casino holding company, finalizing the Reno, Nevada-based gaming firm's first entry into Atlantic City.

The approval of Eldorado as an Atlantic City casino operator also sets the stage for a potential regulatory hurdle in the future should the company finalize a deal with Caesars Entertainment Corp. to combine the two.

If a deal is struck between Eldorado and Caesars, the company would hold four of the nine casino licences in Atlantic City, putting the Casino Control Act's provision regarding "undue economic concentration" to the test.

Commissioner Sharon Harrington asked Eldorado CEO Thomas Reeg about the company's plans for future acquisitions, specifically referencing media reports of discussions with Caesars.

"I can't comment on a particular (move)," he said. "I would say we have been an inquisitive company in the past. To the extent there are opportunities that make sense for our shareholders ... we would take a hard look at those."

Reeg said he understood that as acquisition deals get larger "there are a host of concerns that other constituencies would have," but that Eldorado would "thoughtfully work through them."

Billionaire Wall Street investor Carl Icahn, who sold Tropicana Entertainment to Eldorado last year, has a nearly 29% ownership stake in Caesars.

In 2018, Tropicana Entertainment sold its real estate holdings to Gaming and Leisure Properties for \$1.21 billion and merged its gaming and hotel operations into Eldorado Resorts, which will lease the sold properties for \$640 million.

Under the lease structure, Tropicana Atlantic City is projected to pay the highest amount because the property is the highest net revenue generator in Eldorado's portfolio.

Eldorado operates casino hotels in 12 states: Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, Nevada, New Jersey, Ohio and West Virginia.

CCC Chairman James Plousis said he expected Eldorado to "positively contribute to this market and support Atlantic City's continued upward trajectory."

Plousis said he looked forward to seeing the benefits of Eldorado's ability to increase visitation to Atlantic City due to cross-marketing with the company's other properties.

“A significant part of Atlantic City’s future is the ability of the gaming industry to grow its customer base and thereby bring new customers to the market,” he said.

Tropicana Atlantic City is the second-highest gaming-revenue producing property in the market, behind Borgata Hotel Casino & Spa.

Steve Callender, who stayed with Tropicana Atlantic City after the sale and was promoted to senior vice president of regional operations for Eldorado, said the new owners have committed to the property by investing in capital projects, such as the nearly \$10 million William Hill sportsbook, and other infrastructure improvements throughout the casino hotel.

While acknowledging the market has been “challenging” since the arrival of Hard Rock Hotel & Casino Atlantic City and Ocean Casino Resort last summer, Callender said Tropicana and Eldorado are in a good position.

“Tropicana is built to compete,” Callender said. “With the money we’ve invested over the last five or six years, from a diversification standpoint, we outpoint every casino in Atlantic City. There’s just more to do here, more to see and more to be involved with.”

Anthony Carano, president and chief operating officer of Eldorado, said Tropicana Atlantic City has the company’s “full attention.”

Asked by CCC Vice Chairwoman Alisa Cooper what attracted him to Atlantic City, the grandson of Eldorado’s founder said the resort’s history and significance in the gaming industry were powerful draws.

“It’s an honor and a big day for us to get our gaming license in Atlantic City,” Carano said.