

Kevin DeSanctis out as Revel head, former Mohegan Sun executive moves in

By HOA NGUYEN, Staff Writer | Posted: Wednesday, March 13, 2013 12:39 pm

A former Mohegan Sun executive brought in as a consultant at Revel three months ago will replace Kevin DeSanctis at the helm of the beleaguered Atlantic City casino, officials said Wednesday.

Jeffrey Hartmann, a 22-year veteran of the gambling industry and former CEO of the Connecticut casino, will take over day-to-day operations as interim CEO, subject to regulatory approval, officials said.

DeSanctis has been inextricably associated with Revel since he was selected seven years ago by the property's original financier to lead development of the \$2.4 billion megaresort. He had served as Revel's president, chief executive and chairman of the board.

The management shake-up comes as Revel, which has consistently placed in the bottom half of Atlantic City's casino market in gambling revenue since it opened last year, prepares to file a prepackaged bankruptcy case. Creditors have agreed to swap more than \$1 billion of debt for an equity stake in Revel.

"Having worked with Jeff for many years, I have no doubt he is the right person to lead Revel AC through the restructuring process and oversee day-to-day operations," DeSanctis said in a news release. "Revel's resort is the marquee asset in the Northeast, and with a right-sized balance sheet and under Jeff's stewardship, I am confident that Revel is poised for success."

Michael Garrity also will step down as chief investment officer as part of changes at the casino. DeSanctis and Garrity will retain control of Revel Group, the holding company that owns the Revel brand and will continue to license the name. Once the Chapter 11 case has been concluded, the holding firm will no longer be affiliated with Revel. DeSanctis and Garrity will still do work for the casino on "amenity projects," officials said.

Revel's New Jersey casino license, held by Revel Entertainment Group LLC, will transfer over to the new ownership group once the bankruptcy proceedings conclude and approval is granted by the state Casino Control Commission.

The casino said the Chapter 11 case is expected to be filed on or about March 22 and concluded by early summer. A restructuring agreement filed with the federal Securities and Exchange Commission had put the filing deadline at March 15. However, the company and its creditors could amend the agreement to change the date.

Revel has had a turbulent past, including the start of a recession and withdrawal of its chief financial

backer, Morgan Stanley, in 2010, which left DeSanctis and Atlantic City with a half-completed casino building. But under DeSanctis' guidance, Revel secured an additional \$1.1 billion in construction financing in February 2011 with the help of Gov. Chris Christie, who supported the approval of \$261 million in tax breaks for Revel over a 20-year period.

Michael Pollock, managing director of Spectrum Gaming Group, a Linwood-based casino consulting firm, said Revel's switch to Hartmann will bring new insights and ideas to the megaresort.

"Jeff Hartmann has a different perspective, and that's not a bad thing," Pollock said. "He fully understands the Northeast market, arguably better than many of the executives in Atlantic City. On balance, to get that kind of perspective is a plus."

Hartmann, who grew up in Voorhees, Camden County, and graduated from Rutgers University, is a certified public accountant who started out working for the consulting firm PricewaterhouseCoopers as an audit manager in New York City.

He later moved to Connecticut to begin working for Foxwoods casino and served as vice president of finance for five years there, before joining the Mohegan Tribal Gaming Authority as chief financial officer in 1996. He served as chief operating officer of the gaming authority before being named president and CEO of Mohegan Sun in 2011.

Mohegan Sun replaced Hartmann in October, about the same time the casino announced 300 or so employees were going to be laid off, according to news reports. In January, Hartmann went to work as a consultant at Revel, the company said.

"Revel is truly a unique resort destination," Hartmann said in a statement. "I am deeply committed to ensuring that we operate our business as usual and emerge from this process positioned for long-term success."

In departing from Revel, DeSanctis leaves behind a lucrative employment contract, earning \$8.3 million in total compensation in 2011 — a base salary of \$1 million, a \$1.1 million bonus and stock awards worth nearly \$6.2 million, Revel's corporate filings show.

According to the latest restructuring agreement between Revel and its creditors filed with the SEC, any existing equity stake in Revel prior to the bankruptcy deal will be wiped out.

Among other personal perks received by DeSanctis was a \$17,624 car allowance and \$10,239 Revel paid toward his life insurance premiums. DeSanctis' employment contract, which expires Feb. 29, 2016, notes the company will maintain a \$5 million life insurance policy on him. DeSanctis is free to name the beneficiary of that policy.

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