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Revel Casino Appoints Interim CEO to Handle Bankruptcy

By Steven Church and Christopher Palmeri on March 13, 2013

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Revel AC Inc., the Atlantic City, New Jersey, casino operator planning to file for bankruptcy this month, appointed Jeffrey Hartmann, a gambling consultant, as interim chief executive officer while it reorganizes.

Revel AC Chairman Kevin DeSanctis will hand over the CEO title and day-to-day operations of the casino to Hartmann once New Jersey gambling regulators approve the move, the company said today in a statement. DeSanctis will remain CEO and chairman of Revel AC's holding company, Revel Group, the developer of the casino property. Dennis Stogsdill of Alvarez & Marsal Inc. was hired as chief restructuring officer, the company said in an e-mail.

"I will continue to support Revel's management team and board of directors in an advisory capacity," DeSanctis said in an e-mail. "Beyond that, I look forward to dedicating my efforts to the continued expansion of the Revel Group brand."

Revel AC plans to file for bankruptcy around March 22 as part of a deal with a majority of its creditors, according to the statement. Under the plan, creditors will swap debt for equity and Revel Group will no longer own the casino. Revel AC may be out of bankruptcy by early summer, the company said.

Development Agreement

Revel Group will sign a development agreement with Revel AC to oversee the construction of new amenities planned for the casino, including a high-limit slot lounge and a beach version of the resort's HQ nightclub. Both are slated to open in time for the summer season, the company said.

Revel Group will keep in place a licensing agreement so the casino can continue to use the Revel name, the company said.

Revel, the first new casino in New Jersey in nine years, opened in April at cost of \$2.6 billion. The project was the centerpiece of Governor Chris Christie's efforts to revitalize gambling in the state after six years of decline. Christie, a Republican in his first term, jumpstarted the project with \$261 million in state tax incentives.

The property, which features 14 restaurants and more than 1,800 hotel rooms, posted the third-lowest gaming revenue among the state's 12 casinos, according to New Jersey Division of Gaming Enforcement data compiled by Bloomberg Industries analysts. Revel said last month that it reached an agreement with lenders to reduce its debt load by more than \$1 billion through a debt-to-equity conversion.

Morgan Stanley

Michael Garrity, Revel AC's chief investment officer, will also step down. Garrity spearheaded the Revel development at Morgan Stanley before the New York-based investment bank walked away from the project, according to testimony he gave to casino regulators last year.

A group of Revel AC's lenders will provide the company with \$250 million in so-called debtor-in-possession financing. About \$45 million of that loan will provide a new infusion of cash, the company said last month in a statement.

Revel AC had about \$1.3 billion of debt and about \$57.7 million of credit capacity on Sept. 28, according to a regulatory filing.

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