

## Atlantic City gambles on a new strategy

**Only the strong will survive if the state has its way.**

By Suzette Parmley

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ATLANTIC CITY - Last week's ruling by the New Jersey Casino Control Commission to deny the Tropicana Casino owner a license renewal sent a clear message:

Atlantic City isn't going back.

It's steamrolling ahead amid an insatiable arms race in this seaside resort to build more hotel towers, tony shopping malls, and mega-casinos to ward off slots competition from Delaware, New York and Pennsylvania.

A state-appointed trustee - former New Jersey Supreme Court Justice Gary Stein - has been in control of the casino since the commission voted Dec. 12 to deny owner Columbia-Sussex Corp.'s bid for a license renewal. Stein and the commission will decide on a process to sell the Tropicana.

Among the potential bidders are Cordish Co., of Baltimore, the developer behind the Walk, a \$204 million outlet mall in the heart of downtown Atlantic City, which recently formed a gaming-management company with former Tropicana executive Dennis Gomes; gambling mogul Steve Wynn, who developed the Golden Nugget in 1980, which is now the Atlantic City Hilton Casino; and the Mohegan Tribal Gaming Authority, which operates the Mohegan Sun Casino in Connecticut and Mohegan Sun at Pocono Downs, a slots parlor in the Poconos.

Commission chairwoman Linda Kassekert said denying Columbia-Sussex a license was tougher than shutting down the city's then-dozen casinos during a state budget impasse in July 2006.

She said the Tropicana case was nothing short of agonizing.

"It was probably more difficult than the [budget] shutdown because you want to try to do what's best for the city," Kassekert said after the five-member commission denied the license on Dec. 12. "But looking at the record, looking at the evidence, reading all those transcripts . . . I believe it was the right decision."

Robert McDevitt, president of Unite Here Local 54 - Atlantic City's largest union, representing 16,500 casino and hospitality workers - said it was about something else, too.

"There's no room for bottom-feeders in Atlantic City," McDevitt said. "This case is about the standards in the community here in Atlantic City, not just for the casino, but for the workforce and how workers are treated - both union and nonunion."

That wordy provision in the New Jersey Casino Control Act that goes on about "restoring Atlantic City as a resort, tourist and convention destination" was key to Columbia-Sussex's downfall.

"It's about making Atlantic City the best destination that we can absolutely have and producing a quality product," Kassekert said.

The city has little choice but to be all it can be now.

For the first 11 months of this year, Pennsylvania's six slot parlors grossed \$970 million - some of which used to go to Atlantic City. Meanwhile, the resort's total gambling revenue dipped \$300 million from the same 11-month period a year ago, according to the Casino Control Commission.

David G. Schwartz, director of the Center for Gaming Research at the University of Nevada at Las Vegas and author of *Roll the Bones: The History of Gambling*, said last week's decision reaffirmed that the New Jersey commission would be more involved in day-to-day casino operations than the one in Nevada. Deep job cuts became a key factor in the Tropicana owner's failed license bid.

It also shows the commission is "serious about moving to a more inclusive, resort idea," Schwartz said. "This goes back to the original enabling legislation.

"They've been paying lip service to it since 1976," said Schwartz, a third-generation Atlantic City native. "But now that the competition is here, it's time to put up or shut up."

As Pennsylvania's nascent gambling industry grows, its seven-member gambling board is closely watching New Jersey - which has nearly three decades of experience. The first casino in the Garden State - Resorts International - opened its doors in 1978.

The commissioners "did what they had to do to protect and fulfill the statute," said Mary DiGiacomo Colins, chairwoman of the Pennsylvania Gaming Control Board. "In the regulatory world, the denial of a renewal is the final blow."

She said the New Jersey decision "demonstrates that, as regulators, we have a lot of flexibility in what we can do to ensure that gaming is maintained at a high level."

"The casino industry is an entertainment industry," Colins said. "We have to entertain and please the customer. When a company can't capture that end result, it is in big trouble."

Verona and Lloyd Stalling, slots players who visit Atlantic City about twice a month, agree.

"The customer comes first. Most definitely," said Verona Stalling, 67, as she ate dinner with her husband, Lloyd, at the Breadsticks Cafe & Grill inside Resorts Casino during a three-day, two-night stay last week.

Atlantic City desperately wants the couple from Maryland - a state that is again considering legalizing slot machines - to keep coming back.

But Lloyd Stalling, 57, said the resort had to give him and his wife a compelling reason to return because they could easily play slots in Delaware, Connecticut or West Virginia - which they have done in the past.

"You invited me here, so keep me happy while I'm here," he said. "I want a quality experience.

"Anytime you go into a room and find unclean glasses or a lack of linens, it's a turnoff."

