

NEW JERSEY CASINO CONTROL COMMISSION

Tennessee Avenue and Boardwalk
Atlantic City, NJ 08401

Commission approves Tropicana deal; authorizes request for auction in bankruptcy

For Immediate Release

Wednesday, April 29, 2009

Contact: Daniel Heneghan
Public Information Officer
609 441-3799
dheneghan@ccc.state.nj.us

ATLANTIC CITY - The Casino Control Commission Wednesday voted unanimously to approve an agreement of sale for the Tropicana Casino Resort to a group of its lenders and authorized the casino's conservator to ask a U.S. Bankruptcy Court Judge to schedule an auction for the property.

"This is a major step toward getting the Tropicana into the hands of owners who can meet New Jersey's strict licensing requirements," commission chair Linda M. Kassekert said after the decision.

In December 2007, the commission decided not to renew the Tropicana's license and found its then-owners unsuitable. That activated a trust and triggered the appointment of a conservator to oversee the property until it could be sold. The conservator, former New Jersey Supreme Court Justice Gary Stein, solicited bids from a variety of potential purchasers before negotiating a deal with the casino's senior lenders. Under the terms of that deal, the lenders agreed to serve as the "stalking horse" in a bankruptcy court auction with a credit bid of \$200 million.

Stein is expected to file the necessary papers in U.S. Bankruptcy Court in Camden as early as today. He told the commission Wednesday that virtually all of the paperwork has already been prepared.

"This bankruptcy filing is not the result of financial distress but it is one that will allow the conservator to sell the casino hotel complex free of all liens and encumbrances," the

commission chair said. “This action will not impact ongoing operations at the Tropicana which will continue to offer a first-class casino hotel experience,” Kassekert stressed.

In approving the asset purchase and the move into bankruptcy court, the commission also extended the deadline for selling the property to the end of this year. Kassekert said the additional time is based on estimates of how long the bankruptcy court sale process and the licensing process will take.

(Attached is a copy of comments read into the record by Chair Linda M. Kassekert on this matter at today’s Casino Control Commission meeting..)

Motion of Chair Linda M. Kassekert
New Jersey Casino Control Commission
RE: Amended joint petition of the Trustee and Conservator for Adamar of New Jersey,
Inc., et al. to extend the sale period, approve an asset purchase agreement and authorize a
bankruptcy filing (PRN 0750903)
April 29, 2009

UNLIKE SOME OF THE PREVIOUS EXTENSION
REQUESTS, WE NOW HAVE A FAIRLY SPECIFIC AND
SOMEWHAT AGGRESSIVE TIMETABLE TO COMPLETE
THE PROCESS, WHICH WILL INCLUDE BIDDING AND
AUCTION PROCEDURES IN BANKRUPTCY, AS WELL
AS RULINGS BY US ON THE ORGANIZATIONAL
STRUCTURE OF THE POTENTIAL BUYER, FOR
INSTANCE. THE TIMELINE ALSO FACTORS IN THE
APPLICATION PROCESS FOR A CASINO LICENSE AND
THE STATUTORY DELAY, WHICH MAY BE
SHORTENED, OF A MAXIMUM 120 DAYS TO AFFORD
THE DIVISION AN OPPORTUNITY TO CONDUCT A
PRELIMINARY INVESTIGATION AND THE
COMMISSION TO RULE ON INTERIM CASINO

AUTHORIZATION. IF ALL THE MILESTONES ARE MET, A SALE MIGHT OCCUR BY YEAR'S END.

IN ANY EVENT, GIVEN THE VOLUMINOUS MATERIALS THAT HAVE BEEN SUBMITTED, AND THE THOROUGH EXAMINATION OF THEM THAT HAS ENSUED, NO REASONABLE PURPOSE WOULD BE SERVED BY A LINE-BY-LINE REVIEW OF THE CONTRACT HERE. HOWEVER, THE COMMISSION MUST BE SATISFIED THAT THE AGREEMENT IS CONSISTENT WITH THE PUBLIC INTEREST AND THE POLICIES AND PURPOSES OF THE ACT, PARTICULARLY SECTION 104B. THUS, THERE ARE PROVISIONS THAT WARRANT SOME COMMENT NOW.

FOR INSTANCE, IF THE BUYER UNDER THE A-P-A SUCCESSFULLY NAVIGATES THE BID PROCESS, IT WILL SEEK RULINGS ON ITS QUALIFICATION AND THE CONTINUATION OF THE CONSERVATORSHIP. SINCE THOSE RULINGS ARE NOT BEFORE US TODAY,

ANY APPROVAL OF THE A-P-A THAT THE COMMISSION MIGHT ISSUE NECESSARILY WOULD NOT INCLUDE A RULING ON THOSE UNDERLYING MATTERS.

THE JOINT PETITIONERS HAVE RECENTLY SUBMITTED A BRIEF AND A SEPARATE SUPPLEMENTAL LETTER IN SUPPORT OF THEIR REQUEST THAT THE COMMISSION PERMIT A MOMENTARY LAPSE IN THE CONSERVATORSHIP SO THAT TITLE MIGHT REVERT TO ADAMAR, WHICH WOULD THEN HAVE BOTH RECORD AND LEGAL TITLE TO TRANSFER TO THE NEW BUYER.

ALTHOUGH THE COMMISSION APPRECIATES THE GOAL THAT IS SOUGHT, THAT ISSUE IS BEING DEFERRED.

WITH THAT, I DO NOT SENSE THAT THE PARTIES WISH TO FORCE FROM US A DECISION THAT IS PREMATURE. THUS, I TRUST THAT THEY WILL

APPRECIATE THAT, ALTHOUGH I BELIEVE THAT THE COMMISSION MAY APPROVE THE A-P-A WITH THE LANGUAGE THAT THEY HAVE CHOSEN, IN DOING SO I WOULD NEVERTHELESS RECOMMEND THAT THE COMMISSION RESERVE AS PART OF ANY SUCH APPROVAL THE RIGHT TO ADDRESS THE ISSUE NEARER IN TIME TO WHEN A DEFINITIVE RESPONSE WILL TRULY BE REQUIRED.

ASSUMING THE MATTER PROCEEDS ON THAT BASIS, THIS CHAPTER APPEARS TO BE DRAWING TO A CLOSE, BUT CERTAINLY MORE OF THE SAGA REMAINS TO BE WRITTEN, ESPECIALLY IF THERE IS AN ACTIVE AUCTION PROCESS. THUS, I AM PREPARED TO APPROVE THE A-P-A, ALLOW JUSTICE STEIN TO TAKE ADAMAR INTO BANKRUPTCY FOR PURPOSES OF A SECTION 363 SALE AND GRANT A FURTHER EXTENSION OF THE SALE PERIOD THROUGH THE END OF THIS YEAR. THERE IS A

DRAFT RESOLUTION SETTING FORTH SUCH APPROVALS, AS WELL AS OTHERS OF A MORE TECHNICAL NATURE, THAT I MOVE TO ADOPT AND SO GRANT THE RELIEF REQUESTED AS SPECIFIED THEREIN AND CONSISTENT WITH MY EARLIER REMARKS, SUBJECT TO VARIOUS CONDITIONS, INCLUDING THE DIVISION'S CALL FOR A CONTINUATION OF THE \$19 MILLION CASH BALANCE REQUIREMENT.