

# Manager of downtown casinos relinquishing role

The company that manages the largest group of downtown Las Vegas casinos is leaving Glitter Gulch, a move that adds even more uncertainty to an already struggling gambling market.

The Las Vegas-based Navegante Group on Thursday announced it would part ways with Tamares Group of Vaduz, Liechtenstein.

That leaves Tamares, the largest private landowner downtown, to find new management for the Plaza, Las Vegas Club, Western and Gold Spike casinos, a collection that includes more than 1,600 hotel rooms, nearly 2,400 slot machines, 51 table games and employs about 1,600 people.

Larry Woolf, chairman of the Navegante Group, said Tamares would be better served by a business partner looking to invest significantly in the properties, which represent about 20 percent of the overall downtown hotel-casino room inventory, as opposed to simply leasing and managing them.

„We just don't have that kind of capital," Woolf said. „We are a management company not an investment company.“

Navegante, which Tamares says is required to provide 12 months notice of departure, will continue to manage the four casinos while the owners seek new operators. The company also has management deals with casinos in Carson City, Reno, Elko, New Mexico and Calgary, Alberta.

It began managing the Tamares properties in December 2005. Navegante used cost-cutting and efficiency improvements to move cash flow from negative to positive. Some of the changes included removing bingo from the Gold Spike, renegotiating vendor contracts and replacing older slot machines with coinless slots.

„If we couldn't measure it, we eliminated the program," Woolf said.

The announcement marks the second move by Tamares in as many weeks. On May 3 the company announced it plans to sell the Gold Spike for at least USD 15 million.

Tamares officials had little to say beyond a statement announcing the breakup. But the news left some wondering whether it is feasible to expect investors to buy into a gambling market that's been in decline for more than a decade, including a nearly 7 percent decline in March announced Thursday.

„There just seems to be a lack of confidence and prospects," said Anthony Curtis, publisher of the Las Vegas Advisor Web site. „It has been too long going in the wrong direction down there."

Curtis said he was previously optimistic that a real estate revival in downtown Las Vegas would prompt an upturn for the downtown casinos.

But developments like the World Market Center furniture market and USD 100 million upgrades to the Golden Nugget have failed to ignite a broader improvement in downtown gambling win.

Curtis said he fears the casinos along Fremont Street, unlike the Strip, may have missed their opportunity to cash in before the real estate boom peaked.

Now real estate is down, gasoline prices are up and casino investors have already put their money into several multibillion-dollar luxury resorts under construction on the Strip.

That, coupled with a notoriously risk-averse business culture in Las Vegas, makes it hard for Curtis to envision major new developments for the downtown gambling market.

„Nobody likes to take the lead in Las Vegas or go against trends,“ he said. „I don't see any candidates who have both the vision and the capital.“

Woolf was more optimistic, saying recent sales of the Sahara, which Navegante will manage, and the Stratosphere increased the value of surrounding land, which could push more development toward downtown.

„People will keep pushing north until they get to downtown,“ Woolf said.

That said, he predicted investors want assurances the downtown market has bottomed out before putting major money behind innovative developments.

„Obviously if you spend USD 100 million on Binion's, it is going to do better,“ said Woolf, citing one prominent down-on-its-luck casino. „But you might do better if you bought U.S. Savings Bonds.“