

Tropicana asks to split into two operations

Bankrupt Tropicana Entertainment said it has asked for court permission to split into two operations under one management group. The privately held company said if its plan receives approval from its creditors and the court, it would divide along the lines of loan structures currently in place.

Tropicana, which owns the famed Tropicana casino in Las Vegas, as well as other properties in smaller markets, filed for Chapter 11 protection last May. Its struggles underscore the decline in fortunes of casinos as the economic slowdown diminishes a gambling boom.

„As we developed our plan, we had a unique opportunity to examine the new world of gaming and we believe that the company is well positioned to operate in a more cost sensitive, value-conscious industry,“ Scott Butera, Tropicana’s CEO, said in statement.

The company said that if its plan is confirmed, one of the two entities would be made up of 10 casinos and resorts in the Tropicana portfolio, including properties in Atlantic City, New Jersey, and Evansville, Indiana.

The other entity would be comprised of the Tropicana casino property in Las Vegas. Under the plan, the secured component of the USD 2.3 billion of the first operation’s debt would be converted to common stock and the unsecured debt canceled.

All of the USD 442 million of the second operation’s secured debt would be converted to equity. If the deal is approved, Tropicana could retire its USD 67 million debtor-in-possession financing facility.

Casino companies have suffered since last year as a gambling

boom fizzled in Las Vegas, tight credit markets jeopardized growth plans and China took steps to slow the gambling market in Macau.