

Owner of Terrible's casino chain to seek bankruptcy

New York (Reuters) – Herbst Gaming, owner of the Nevada-based Terrible's Casino chain, said on Tuesday it plans to file a prearranged bankruptcy case to restructure its debt obligations.

Herbst, which operates 12 casinos in Nevada including Buffalo Bill's and Whiskey Pete's, said it had reached an agreement with bank lenders holding about 68 percent of its loans on the plan.

The company, which has more than USD 1 billion in debt outstanding, plans to operate as normal during the restructuring. Under a prearranged bankruptcy, companies are often able to move more quickly through the court process.

Las Vegas-based Herbst said it employs about 5,400 people, and also runs a „slot route“ business with almost 7,000 slot machines in grocery stores, bars and restaurants throughout Nevada. It also operates two casinos in Missouri and one in Iowa.

Under its proposed debt restructuring, about USD 847 million of the company's Senior Credit Facility will be converted into debt and equity of the reorganized businesses, while other portions of its debt obligations and its equity will be terminated or canceled.

The company said it plans to separate its casino and slot route businesses into two holding companies. The Herbst family will receive 90 percent of the new equity in the new slot route company in exchange for contributing a new gaming device license agreement, the company said.

Many casino operators have run into financial struggles this

year amid the economic slowdown, with several such as Tropicana Entertainment LLC and Trump Entertainment Resorts now operating in bankruptcy.