

CASINO CONTROL COMMISSION

Tennessee Avenue and Boardwalk
Atlantic City, NJ 08401

CCC grants interim casino authorization for Tropicana – ends conservatorship

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

ATLANTIC CITY – The Casino Control Commission gave final approval to the sale of the Tropicana Casino Resort to companies controlled by Carl Icahn Wednesday and granted interim casino authorization to allow them to takeover ownership and operation of the casino.

“This is a major step in what has been a more lengthy process than any of us could have anticipated,” vice-chair Sharon Anne Harrington said. “Carl Icahn’s return to the business of gaming in New Jersey certainly brings ... signs of rejuvenation and optimism in the market,” Harrington added.

Interim casino authorization is essentially a form of temporary qualification that allows Tropicana Atlantic City Corp. to acquire and control the Tropicana casino hotel before a full investigation and hearing into the suitability of the company and its owners. The authorization is for a period of nine months although it can be extended for an additional three months if necessary. During that period, the Division of Gaming Enforcement will conduct an intensive investigation into the new owners and report their findings to the commission. The commission will then hold a hearing and decide whether to issue a plenary license.

The decision Wednesday comes almost 27-months after the commission refused to renew the Tropicana’s casino license in December 2007 because the casino’s then-new owners did not qualify to hold a license. That 2007 decision triggered a series of events which put the property into the hands of a trustee/conservator and started a process for the eventual sale of the casino hotel complex. That sale process was delayed by legal appeals all the way to the New Jersey Supreme Court and a deteriorating economy.

“When the commission started the race to find a buyer for Tropicana, we anticipated a sprint; instead, we got a marathon,” Harrington said.

In approving a new interim casino authorization, the commission ended the conservatorship that has controlled the casino since December 2007. Former State Supreme Court Justice Gary Stein had served as the trustee/conservator. To comply with the interim casino authorization provisions, Tropicana Atlantic City Corp. created a

new trust and named businessman Harold First to serve as trustee. The commission determined that there was no need to continue the conservatorship at this time.

“Though the road trod was not always smooth, but more often bumpy and sometimes rock strewn, Justice Stein persevered through it all,” Harrington said. She said it was difficult to find a willing buyer at a fair price “in the midst of an historic economic meltdown,” but Stein was up to the challenge.

The new trustee, First, worked for 29 years for the accounting firm of Laventhol and Horwath and has served on 23 corporate boards of directors and chaired a number of independent audit committees of those boards. He was chief financial officer for Icahn Holding Corp. for just over two years between 1990 and 1993. Since then he has served as a financial consultant.

In addition to approving the request for interim casino authorization, the commission approved the financing plan for Tropicana Atlantic City and its new parent company, Tropicana Entertainment Inc. It also approved the independent audit committee for Tropicana Entertainment. The failure of the former owners to comply with the requirement for an independent audit committee was a major factor in the decision to find them unsuitable in 2007 and to not renew the casino’s license.