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Division of Gaming Enforcement Supports the Approval by Casino Control Commission of Extension for MGM Resorts International to Sell 50 Percent Interest in the Borgata

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ATLANTIC CITY — Acting Director David Rebeck of the Division of Gaming Enforcement today supported the approval by the New Jersey Casino Control Commission of an agreement to amend one provision of the March 2010 settlement agreement between the Division of Gaming Enforcement and MGM Resorts International, Boyd Gaming and Marina District Development Company. The agreement allows for an 18-month extension for MGM to control the marketing and sale of its 50 percent ownership interest in the Borgata Hotel Casino & Spa in Atlantic City, from September 24, 2011 to March 24, 2013.

Under the initial settlement agreement, MGM was required to place its 50 percent interest in the Borgata into a divestiture trust. The agreement resulted from the Division's investigation into the development and operation of MGM Grand Macau Hotel Casino in Macau, China, by Hong Kong businesswoman Pansy Ho. In the Division's May 2009 Special Report, the joint venture partner in Macau was found to be unsuitable and MGM was directed to disengage itself from any business association with her. MGM decided under the settlement to divest its interest in the Borgata rather than disengage from business with Ho. MGM was required under the settlement to sell its interest in the Borgata within 30 months. MGM was granted control to complete the sale within the first 18 months. If no sale was made in that time, the trustee appointed by the Casino Control Commission would have sole authority to direct the sale process for the remaining 12 months.

"We're pleased with the approval by the Commission of the relief requested in the joint petition of MGM Resorts International, Boyd Gaming and Marina District Development Company," said Acting Director David Rebeck. "The 18-month extension should allow for a more positive result in the sale and does not raise any integrity issues with respect to the operation and control of the Borgata. We're confident that this will be beneficial to the overall stability and continuity of the Atlantic City casino gaming market."

In support of the request for the extension, the Division had to determine if the requested relief was consistent with the policies of the Casino Control Act and the regulatory interests and objectives of the Division. The Division found no evidence that the extension would impact its preeminent focus to ensure “the public confidence and trust in the credibility and integrity of the regulatory process and of casino operations.”

The Division’s response to the joint petition filed with the Casino Control Commission clearly emphasized that its agreement to the amendment does not change any aspects of its Special Report on the joint venture with Pansy Ho, including those relating to MGM’s business partner and compliance process deficiencies, and should not be interpreted as a reevaluation of any finding or conclusion set forth in its Special Report. In its decision to grant the extension, the Division gave significant weight to the Borgata’s decision to join MGM in filing for the requested relief.

“The decision of the Borgata to join with MGM could only be prompted by a belief that the relief requested would be beneficial to all parties,” said Acting Director Rebeck.

The fact that Governor Chris Christie has made strengthening the gaming market in New Jersey a priority, in part with the creation of the Tourism District and the regulatory reforms enacted in February 2011, was cited by both MGM and the Borgata as positive indicators for attracting potential purchasers during the extended time period.

“The extension granted to MGM in the joint petition with the Borgata will ensure sufficient time for the purchase as well as for review of all regulatory approvals,” said Rebeck. “It’s consistent with our commitment to ensuring the growth and success of Atlantic City’s economy while maintaining the integrity of the gaming industry.”

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