

Gaming in Atlantic City.....
A History of Legalized Gambling in New Jersey -
By Stephen Piccolo

While we all can agree, Nevada may have one of the longest and definitely the most interesting history of all U.S. gaming areas, I feel the time has come to explore the history of the second oldest legal area (with full casino gaming) in America - Atlantic City!

It has been 25 years since Resorts International first opened its doors to usher in the casino era in Atlantic City. Being from New Jersey, I can say I remember it quite well!! The 'official' opening was on May 26, 1978 at 10:00 AM. That's when then Governor Brendan Byrne cut the ceremonial ribbon allowing the masses, who gathered at that time, to enter the casino.

At one point, the line outside the casino stretching far along the boardwalk was so long, Resorts officials decided to place a sign outside stating "Two Hour Wait from this Point." Today, it reminds me of a line waiting for a ride at Disneyland.....it was total madness!!

I remember listening to an all news station at work that day monitoring the situation, hearing about the long lines of gamblers waiting to get inside to play. At that time I decided - that's not for me, no way was I going to get involved in that mess, although I secretly yearned to be there.

I thought back on all the trips I made to Atlantic City to witness the construction of the casino and set up of the slots. I even remember being at Resorts the weekend before they opened, looking into the not yet open casino with all the slots and tables ready to go! I continued to listen and watch on TV the reports of the casino's opening when I got home from work that day. At about 9:00 PM it became too much! I called Resorts to see how the crowds were and much to my surprise a girl answered the phone and told me that she had just started her shift and that there were no lines waiting to get in!!

That was it! Two and one-half hours later we were on the boardwalk in Atlantic City about to enter the first AC casino on day one! True to the words of the girl I spoke to earlier, there were no lines waiting to get in. As we entered, we noticed many of the slots were out of order and the tables were so full, it was at times impossible to see the tables at all! After dumping a roll of dollars into one of the working slots I did manage to find, losing of course, I decided to try to get to a table. After all, if I couldn't play at least I was going to get a couple of chips to take home as a souvenir.

Now I realize I should have taken a lot more than the three or four \$1 pieces I did! Craps was definitely out - way too crowded. I did manage to finally get a seat at a \$3 minimum blackjack table. The game was so slow due to the newness of the casino, dealers, pit crew and I assume the mass of people playing all day that I only played a few hands, pocketed a few \$1 chips (what a dummy I was then) and decided it was time to go. All told, we probably spent only about an hour in the casino, not too bad considering it was five hours by car round trip! Those are my memories of the first casino in Atlantic City. To think now of the values of some of the chips that passed through my hands at Resorts and some of the other casinos over the years makes me just shudder. Too bad I was a novice collector back then.

Resorts International

Most people are aware that the vote to legalize gambling in Atlantic City passed in 1976. What most are unaware of is that it was the **fourth** attempt to legalize gambling in New Jersey. Some of the reasons Atlantic City was always included in any talk of legal casinos was the fact that the one time "Queen of Resorts" had been in steady decline since 1945. Between 1960 and 1970 alone, the population of the city decreased 20%. Hotel rooms in the city also fell by a staggering 40% and 4,500 jobs were lost. It was time for drastic measures to help the city regain its one time title and casinos were thought to be the savior!

In 1970, the first bill was introduced to the New Jersey Assembly looking to legalize casinos in Atlantic City only. This first bill failed to get to the voters and died in the state senate. In 1973, three proposals were introduced this time. The first attempted to repeal the anti-gambling provision from the state constitution. The second wanted to authorize legislation for a limited number of state operated casinos or state licensed casinos. The third proposal was to authorize a state supervised "numbers" game. All three measures were killed in the Assembly. In 1974, another bill was introduced this time passing the Assembly and going to the voters in the elections held in November of that year. The measure, as presented to the voters, called for legalization of casinos throughout the state pending local approval. The measure was expected to pass easily, so very little pro-casino campaigning was done. The measure was soundly defeated in November of 1974 by a three to two margin spurred primarily by "**No Dice**" - a coalition formed by a group of state assembly members, various church groups and some prominent New Jersey officials who campaigned heavily against the casinos citing increased crime, prostitution and corrupt morals. Their message worked! There was very little "positive" campaigning for this referendum, a mistake that was not repeated in 1976!

Although defeated, the issue of gaming would not die and in 1976, two more bills were introduced to the Assembly. Both were similar in that they called for casinos in Atlantic City only. The differences were that one was for state run casinos with the revenue generated going to the elderly and handicapped citizens of New Jersey and the second called for privately operated casinos with the revenue going to the state's general fund. It was apparent that the two bills needed to be merged and a compromise bill was introduced that

specified private ownership of the casinos with the revenue generated for the state going directly to help the elderly and handicapped of the state. The compromise bill passed the Assembly in the summer of 1976 to be placed on the November ballot. This time around, the bill was pushed heavily as a way to re-vitalize a dying city plus help the elderly and handicapped of the state without a tax increase. The benefits were pushed more than the casinos. NO DICE was still around this time but a lack of funds prevented the coalition from launching a large-scale media campaign against the casino bill. This time the voters passed the measure by a three to two margin. The pro-casino forces out spent NO DICE by a sixty to one margin in this campaign, which also helped pass the measure this time around. The fact that NO DICE, this time, seemed to be against the elderly and handicapped and the revival of Atlantic City also did not help their anti-casino message. A short eighteen months after the voters passed the casino legislation, the first casino opened on the boardwalk in Atlantic City - Resorts International.

Resorts, was the first company to support the referendum with money. They were already buying land on the boardwalk paying \$2.5 million for the Chalfonte- Haddon Hall hotel. By doing this, instead of building a new hotel, Resorts gained at least a year on its competition and was able to save millions of dollars. The hotel was the only one in Atlantic City to meet the 500 room minimum requirement to open a casino. All the others with smaller hotels and thoughts of adding on were told to tear them down and build from scratch. The state did not want Atlantic City to be a series of "patch-and-paint" jobs. By May 1, 1978, the 1000 rooms of the Chalfonte - Haddon Hall were reduced to 566 to allow for the casino, restaurants, shops, and to meet the required 325 square foot minimum for each guest room. Everything was ready to go, dealers trained, chips ordered and delivered, restaurants and shops open and slots installed. Atlantic City changed for good at 10:00 AM on May 26, 1978 when the casino finally opened. Back in the old days, the casino laws in New Jersey allowed for eighteen hours of gaming during the week and twenty hours on weekends. The casino always opened at 10:00 AM each morning, closing at 4:00 AM or 6:00 AM, whichever was valid. I also remember the lines forming around 9:00 AM waiting to get in. If you were a guest of the hotel, you received a pass to get in so you did not have to wait on line. Yes, it was **that** crazy back then!

Resorts history starts in the Bahamas as the Mary Carter Paint Company, which was based in Tampa, Florida. In 1963, wanting to branch out, they bought 3500 acres on Grand Bahama Island and built a residential development called Queens Grove. From here they became a partner in Paradise Island and ran a small casino in Nassau until the Paradise Island Hotel was ready to open. The new casino opened in December of 1967. In 1968, the Mary Carter Paint Company was sold for \$9.9 million and three months later Resorts International was born with visions of owning and operating casinos around the world. Soon after the 1974 defeat of the gambling referendum in New Jersey is when Resorts started to become active in Atlantic City, hearing that another bill limiting gambling to Atlantic City was in the works.

Resorts purchased an option on fifty-five acres of boardwalk-fronted land from the Housing and Re-Development Authority. Other small parcels were also bought along with the Chalfonte-Haddon Hall hotel and adjacent property making Resorts, at one time, the largest private land-owner in Atlantic City. The Showboat Hotel-Casino in Atlantic City sits on land **leased** to them by Resorts.

Early on, Resorts stock soared as its head start on everyone else paid quick dividends. As more casinos opened however, Resorts, being old and not opting for a major renovation, began to lose its appeal to the newer, flashier places in town. Resorts answer to this was the Taj Mahal project. Started in the mid 1980's, Resorts was never able to complete the project due to financial problems. In 1987, Donald Trump bought a controlling block of Resorts stock. Later that year Trump offered to buy the remaining outstanding stock in Resorts. Early in 1988, Merv Griffin also made a bid for Resorts attempting to wrest it away from Trump. A two-month battle ensued with Griffin and Trump finally reaching a deal. Merv Griffin was to receive all of Resorts except for the Taj Mahal project, which went to Trump. Since the takeover by Merv Griffin, Resorts has spent nearly \$90 million to improve the property. He also sold the Bahamas casino-hotel to Sun International, now known as Atlantis. Resorts has been holding its own, against the giants and even posted its first operating profit in years. A major expansion has even been announced adding more rooms and public space to be completed in the next few years. Looks as if casino number one has survived and is here to stay.

Caesars Boardwalk Regency and Bally's Park Place, casinos number two and three

In the spring of 1977, Clifford Perlman and other members of Caesars Board of Directors spent two days in Atlantic City meeting with state and county officials. Before long an announcement was made that Caesars would be coming to Atlantic City and would build a major new facility. This came just eight days after the state of Nevada passed a law allowing Nevada casino owners to invest in gaming outside the state of Nevada. I believe this rescinded the law passed in the late 1950's when Cuba was threatening to take business away from Nevada. Many operators were saved by this law as the revolution in 1960 would have cost them millions. Instead of starting from scratch, Caesars leased the eleven-year old Howard Johnson's Regency Motor Hotel. Caesars then announced that it would re-model the existing 425-room structure into a modern facility and add 123 rooms in a new five-story tower plus a 52,000 square foot casino with extensive recreation, convention and shopping areas. The cost to Caesars was between \$50-\$100 million. Caesars did save millions of dollars and precious time by being allowed to renovate and expand rather than start from scratch. The Commission cited the "relatively new construction" of the Howard Johnson's facility in allowing Caesars to renovate, which was contrary to what the governor's office wanted. Once complete, the property was named Caesars Boardwalk Regency. In May of 1979, Caesars was granted a temporary license to operate after Clifford Perlman agreed to relinquish most of his New Jersey activities. Temporary licensing was granted to many operators in the early days to speed up the openings of the casinos before the long process of permanent licensing was complete. Now, for a little background into the beginnings of Caesars World.

In May of 1956, brothers Clifford and Stuart Perlman invested \$12,000 in a Miami Beach hot dog stand and in five years had expanded it into a fast-food chain called Lum's. Eight years later Lum's bought out Caesars World Inc. And in ten years the company mushroomed into a half-billion dollar gaming empire. When the Perlman's first took over Caesars in 1969, the only casino it owned was Caesars Palace in Las Vegas which opened three years earlier in 1966. Caesars, at the time had a savory past which seemed to continue under the Perlman's ownership. A few shady real estate deals involving the Perlman's would end up as their downfall in New Jersey. The Boardwalk Regency opened its doors on June 26, 1979 thus ending the monopoly Resorts had enjoyed on the boardwalk, and was an immediate success. Caesars operated for fourteen months on the temporary license when its hearings for a permanent license finally began in September of 1980. The hearings went on for six weeks with the DGE (Division of Gaming Enforcement) bringing up the Perlman's past dealings with "unsavory" characters and their possible mob connections while the attorneys for Caesars calling in witness after witness attesting to the excellent reputation and sterling character of the Perlmans. On the final day of the hearings, the state charged that four directors of Caesars World, Clifford and Stuart Perlman, William McElna and Jay Lishaw were unsuitable for licensing. Together these four individuals controlled twenty percent of Caesars stock. One week later the Commission rendered its decision.

Caesars Boardwalk Regency was granted a permanent license on the condition that Clifford and Stuart Perlman were placed on immediate, unpaid leave from any position in the company. They agreed to a one-month leave and appealed the decision to the courts which upheld the Commission's ruling. McElna resigned and sold his stock to the Perlmans. The fight with the Commission dragged on till December of 1981 before Caesars and the Perlmans came up with a solution that the Commission found partly satisfactory. Caesars World agreed to buy back the Perlmans stock and Clifford Perlman was to be retained as board chairman and CEO of Caesars Palace in Las Vegas with an annual pay of \$350,000. The Commission approved of the stock buy-back plan but denied the employment clause. The Perlmans were out and Caesars stayed in New Jersey. It's ironic that in April of 1983, the Nevada Gaming Commission found the Perlmans suitable for a gaming license when they attempted to buy the Dunes Hotel in Las Vegas. This was just one of the "differences of opinion" between Nevada and New Jersey Commission rulings.

Caesars also bought the old Traymore Hotel, raised it, and had plans to build another "Caesars Palace" on the site. This never came to pass. In 1987, the "Boardwalk Regency" part of the name was dropped and the property became known as just Caesars Atlantic City. In 1994, ITT Sheraton purchased all of Caesars World and had no problem in obtaining a New Jersey license. They have since announced a major addition to the Atlantic City Caesars to expand the number of rooms at the hotel. As we head into the late 90's, Caesars has firmed up its position as one of the top casino operators in Atlantic City.

In June of 1977, Bally incorporated a New Jersey subsidiary and later one in Delaware, both named Bally Park Place, with the parent company holding 83% of the shares in the new subsidiary offered by the end of 1979. Bally came to Atlantic City with the usual fan fare. Bally bought the old Marlborough-Blenheim hotel and leveled the place in no time. Hoards of construction workers were working around-the-clock to build what Bally's promised to be the most expensive and extravagant casino complex on the boardwalk. Again going against the state's mandate to build "new" hotels, Bally paid \$4 million for the old Dennis hotel and spent another \$7 million to restore 507 of its rooms to qualify for the 500-room minimum required by the state. To Bally's credit, the commission, after touring the complex before opening were extremely impressed with the renovation job Ballys had done on the old Dennis. The projected cost of the entire project was \$160 million for the new casino, restaurants, theater and the restoration of the Dennis. What it ended up costing, according to Bally, was \$300 million plus. All was ready in early December 1979. All Bally needed to do to obtain a temporary license was to have it's board chairman, William T. O'Donnell, step aside and sever all ties to Park Place and Bally Manufacturing and place his stock in a voting trust till the commission completed its investigation. Bally's European representative, Alex Wilms and his family were to do the same. Once again a company had to remove its chief executive to operate in Atlantic City.

Back in 1946, William O'Donnell became sales manager for Lion Manufacturing, a manufacturer of slot machines. In 1962, Lion became available for purchase so O'Donnell and six other 'visible owners' each put up \$200,000 plus they borrowed \$1.2 million to close the deal. In March of 1968, O'Donnell and the others decided to go public with the company. To sever all ties to Lion's checkered past, the company name was changed to the Bally Manufacturing Corporation. After an investigation, the SEC reported Bally was free of mob money and approved its stock offering.

Over the next fourteen years - through alleged mob links and unscrupulous business practices - Bally took the old Lion Company from the verge of bankruptcy to a giant, multinational corporation with annual revenues of nearly \$400 million. Beside slots and pinball machine sales worldwide, Bally had an estimated 80% of the domestic slot market. By 1977, O'Donnell was the only one of the original investors on Bally's board of directors when it initially aimed for a spot on the boardwalk.

The DGE investigation took two and one-half years to complete. During that time, Bally began to do a few things to polish its image and garner some positive publicity by going out and hiring people who would make a difference. Bally also contributed to many charitable organizations that were in desperate straits, all highly publicized. Replacing O'Donnell as chairman and president of Bally was Robert E. Mullane. Bally's Park Place opened under its temporary license on December 30, 1979. It would be another year before hearings would begin on its permanent license. During the hearings, the state won out again as O'Donnell was forced to sell his stock back to the company and Bally received its permanent license. This made two of the first three companies that had to have its chief officer(s) sell off their stock and totally divest themselves from the company in order to do business in Atlantic City.

During Bally's initial construction, a number of design elements were included that would ease future expansion. Part of this expansion was the 1989 opening of the Tower at Bally's Park Place. The tower added 800 rooms to Park Place's inventory and made Park Place the first hotel/casino in Atlantic City to surpass 1,000 rooms. Just this year, Bally was sold to the Hilton Corporation. It will be interesting to see what changes/improvements the Hilton people will have in store for Bally's.

Brighton and Harrah's Marina - casinos #4 and #5

As the 80's began, it seemed that finally the "new construction" edict of the state was finally happening in Atlantic City. The Brighton, built by Greate Bay Casino Corporation on the site of its former namesake, was the first all- new casino-hotel to open in Atlantic City. At a cost of \$69 million, the complex had 506 rooms in a nineteen-story tower. The casino, at 32,000 square feet, was rather small for the times in Atlantic City, which probably contributed to the financial difficulties that faced the Brighton. The Brighton was in money trouble from the moment it opened its doors on August 31, 1980. The principal stockholders in Greate Bay, a publicly traded company, were Eugene V. Gatti and Arthur J. Kania, both of Ocean City, which also made the Brighton the first casino owned by local businessmen. Gatti and Kania were also the first applicants that it seemed would obtain a permanent license with the full blessing of the Division of Gaming Enforcement.

By October of that same year, bankruptcy rumors were surrounding the property. Before long, it was announced that the Brighton was being sold to the PPI Corporation, a newly formed company owned jointly by Inns of America, Inc. and two financiers, Burton and Richard Koffman. The privately owned Inns of America were owned by the Pratt brothers, Jack, Edward and William, and operated franchised Holiday Inns in the U.S. and Latin America. It had just bought the Sands in Las Vegas from Summa Corporation and to capitalize on the Las Vegas reputation, the Brighton was renamed the Sands of Atlantic City in May of 1981. Jack Pratt also brought in many top Caesars World executives, including its COO, Stephen F. Hyde, to help make the Sands a winner.

For the first time, the commission voted unanimously to grant the Sands new owners a permanent license without any special conditions. The Sands has survived, unlike its Vegas counterpart, well into the 90's. It was purchased in the early 90's by the successful riverboat operators; the Hollywood Casino Corporation. They have slowly been introducing a "Hollywood" theme to the property with the intent of changing the Sands name to Hollywood Casino-Hotel in the future. Recent expansion plans to add a second tower with 600 more rooms have also been announced and if indeed gets built, it should position the Sands/Hollywood as one of the top operators in Atlantic City for years to come.

Bill Harrah, with two highly successful casinos in Reno and Lake Tahoe, had decided to come to Atlantic City only one month before his death in 1978. Had he lived, it is doubtful he would have sold a 99% interest in his company to Holiday Inns, Inc. Harrah's Marina was originally started as Holiday Inn Marina Casino. I even remember the sign in front of the property during construction. When Holiday Inns purchased Harrah's, it decided to use the Harrah's name at its Atlantic City facility to capitalize on the Harrah's name and reputation in the casino industry. This was the first casino to be built outside of the boardwalk casino strip. The 506-room complex lies at the foot of the Brigantine Bridge about one mile from the boardwalk. Although some sensitive foreign payments were brought up at the license hearings, the commission voted unanimously to grant a license to Harrah's/Holiday Inns.

Harrah's Marina opened its doors on November 23, 1980 and has been one of the top revenue generators in Atlantic City from the beginning. In the mid 80's, Harrah's added its 260-room Atrium Suites tower to the property. Harrah's was involved in another property in Atlantic City - Harrah's Boardwalk at Trump Plaza, but that will be covered later. Harrah's also purchased the old Chalfonte Hotel from Resorts for \$26 million. They demolished it and announced plans for a 551 room casino- hotel. This never came to pass. Recently Harrah's announced a major expansion to the Marina to bring its room inventory well over 2000 rooms. With this expansion, Harrah's is preparing to be on an even level with the new mega-resorts planned as their neighbors in the marina in the future.

Golden Nugget - Atlantic City, Steve Wynn's FIRST venture into Atlantic City and the ill-fated attempt by Playboy to enter the U.S. gaming market.

The third casino to open in Atlantic City in 1980 was the Golden Nugget. In June of 1978, Steve Wynn was at Resorts International marveling at the amount of money being gambled and at the overflow crowds being drawn by Resorts. It was then that Resorts president Jack Davis suggested that Wynn travel to the other end of the boardwalk to the Strand Motel to speak with the owner, Manny Soloman about a purchase. Twenty-five minutes later Wynn walked out, having agreed to pay \$8.5 million in cash for what would end up being his casino site. Within sixteen months, a 22 story - 506 room hotel, 40,805 sq.ft. casino, a 500 seat theater and a 500 car parking garage were erected at the then bargain price of \$160 million. How Steve Wynn got to this point is the kind of stuff dreams are made of.

Wynn bought a 3% interest in the New Frontier hotel in Las Vegas for \$30,000 in 1965. In 1966, he moved his family to Vegas and became a slot machine supervisor and assistant credit manager at the Frontier. In 1967, Wynn was befriended by E. Parry Thomas, the most powerful banker in Nevada. Thomas personally made sure Wynn re-couped his \$30,000 investment when the Frontier was sold. Besides, it was Howard Hughes who was buying the Frontier for \$23 million and the transaction was being handled by none other than E. Parry Thomas! Wynn's next casino deal was for a strip of land that Thomas came up with that Caesars Palace had leased from Hughes as an addition to its parking lot. Caesars had been trying to buy the land from Hughes to no avail. Thomas steered Wynn to the

purchase for \$1.1 million. Thomas loaned Wynn \$1.2 million with the extra \$100,000 to cover interest till he could strike a deal with Caesars. Caesars offered Wynn a quick \$250,000 profit, which he promptly refused. Wynn told Caesars he was thinking of building a small casino on the property. Wynn's price was \$2.25 million and since Caesars did not want another casino built next to them, they paid it. Funny thing that some twenty odd years later Wynn DID become Caesars neighbor! Wynn made a cool \$1 million on an investment that cost him nothing! Wynn then started buying stock in Golden Nugget in 1969. By 1973, he had bought 912,600 shares and received a gaming license in Nevada. After purchasing another block of stock, Wynn was elected to the board of the Golden Nugget and named executive vice-president of the casino. By August of 1973, Wynn was in full control of the company. With another Thomas loan, he built a 579 room hotel tower and garage and was on his way!

The Atlantic City Golden Nugget was granted a temporary license on November 21, 1980 and opened on December 9, 1980. Their permanent license was granted on November 13, 1981 and for the first six months of that year reported \$17.7 million in profits, which was more than the other seven casinos operating at the time.....COMBINED!! The Golden Nugget was the top drawing casino on the boardwalk. The Golden Nugget also owned land in the marina section and plans were on the drawing board for another casino projected to cost \$250 million. These plans were set aside as Wynn soured on Atlantic City. The strict regulatory rules in New Jersey always aggravated Wynn who let it be known that these "rules" were not allowing the gaming business to reach its full potential in Atlantic City. Unable to change these rules, Wynn sold the Atlantic City Golden Nugget to Bally's in 1986 who renamed it Bally's Grand.

The price Bally's paid was over \$400 million. Much of this was used to finance the Mirage in Las Vegas. At the time of the sale, Wynn vowed never to return to Atlantic City even if he were "given a casino." Those words changed drastically in 1996. As Bally's Grand, the casino went through some lean times. At the time the property was purchased by Bally, the consensus was that they overpaid. Ground was recently broke for an additional tower to add 300 rooms to the property and more public space. With the recent sale of Bally to Hilton, rumor has it that the name of Bally Grand may be dropped to get the Hilton name in Atlantic City. Did I hear someone mention Flamingo... ???

Casino number seven in Atlantic City was the ill-fated Playboy Hotel & Casino. The casino was owned by Hugh Hefner's Playboy Enterprises and the Elsinore Corporation. Built on a postage stamp size of real estate on Florida Avenue and the boardwalk the unique three-level casino with the minimum 500-room hotel opened on April 14, 1981. The three level design did not go over too well as most gamblers disliked it. Each of the three floors were long and narrow making it difficult for an "even flow" to the casino. Hefner and Playboy were not granted a license and the casino was run by their partner; Elsinore Corporation. The casino retained the bunny dealers and cocktail waitresses and still operated as Playboy till April of 1984. After two years of appeals, Playboy Enterprises gave up on its effort to become licensed and sold its 45.7% interest in the casino to Elsinore. In June of 1984, after weeks of work by Elsinore crews removing the bunny logo from every nook and cranny of the hotel and casino, the huge Playboy sign atop the hotel was lowered and up went the new one - Atlantis! Elsinore continued to run the hotel - this time under the Atlantis name for five more years, unprofitable ones at that. In April of 1989, the Casino Control Commission refused to renew the license for the Atlantis and placed the property under the control of a conservator. The following month, the casino at the Atlantis was closed. It was the first casino in Atlantic City to fail. In June of 1989, Donald Trump took over the Atlantis as a non-casino hotel and re-named it Trump Regency. At the time, Trump already owned three casinos in Atlantic City, the legal limit in 1989. In 1996, the casino at the Trump Regency was re-opened under the name Trump Worlds Fair Casino. Earlier, the law limiting the number of casinos owned by one individual/corporation to three was abolished. Even though, Trump is operating this casino as an "arm" of his Trump Plaza casino.

The narrow three-level design of the Playboy/Atlantis was never embraced by gamblers in Atlantic City and probably led to its demise. Maybe under the Trump name and open as only a part of a much larger complex, the property may be able to hold its own in the highly competitive Atlantic City market.

Claridge and Tropicana casinos, the last two of what is considered the first wave of casinos in Atlantic City.

The next casino to open and the last to be renovated and added onto was the Claridge, or as its official opening name was - Del Webb's Claridge Hotel & Hi-Ho Casino. Webb, who died in 1974, had a long history in the gaming business. It was Webb's company that built Bugsy Siegel's Flamingo Hotel in Las Vegas along with having a 10% interest in the casino. Webb also built the Sahara and ended up owning it. At the time of his death, Webb's casino holdings included the Mint in downtown Vegas, the Sahara Reno, the Sahara Tahoe and the Nevada Club in Laughlin.

After Webb's death, Robert H. Johnson assumed control of the company. In late 1979, the Webb Company entered into an equal partnership agreement with Claridge Associates, a group of Connecticut investors headed by F. Francis "Hi-Ho" D'Addario. Claridge Associates had purchased the old Claridge Hotel on the boardwalk and had run out of money after they started renovating the 300 room hotel. The project also included the construction of a tower with 200 new guest rooms, a 30,000 sq.ft. casino and a 500 car parking garage. The final cost was reported to be \$150 million.

At the time of the partnership agreement, the Webb Corporation was awaiting trial in federal court in Las Vegas on various charges of conspiracy. It was this reason that the DGE, after its two year investigation, for the first time opposed the granting of a temporary license. Because of this and other alleged "improprieties" uncovered in the DGE investigation, the Webb Corporation "cleaned

house” by switching executives around its sixty-seven subsidiaries. Each one singled out by the DGE quietly vanished from the scene. To avoid being denied a temporary license in July 1981, while the trial was still pending, the Webb Corporation formed Claridge Management Corporation to take over its 50% interest in the Claridge casino and an “institutional trustee” was named to handle financial transactions between the new company and the Webb Corporation. This plan kept the Webb Corporation completely isolated from the operation. Because of these steps taken, the temporary license was granted and the Claridge opened on July 20, 1981 as Atlantic City’s smallest casino.

Six months later the Webb Corporation was acquitted in Las Vegas and the Gaming Commission allowed the company to reacquire its interest in the Claridge. Permanent licensing hearings for the Claridge opened in May of 1982. During the proceedings, the Webb Corporation announced it had bought out the D’Addario group to become sole owners. The DGE suddenly relented and withdrew its objections to licensing the Webb Corporation. The commission voted unanimously to grant a regular license to the Claridge.

The Claridge has had its share of ups and downs over the years, unfortunately mostly downs. Being a “small” casino in a “large” casino market never helped. When the Webb Corporation decided to get out of gaming completely, the Claridge was taken over by the owners of Fitzgeralds of Las Vegas. A new parking garage built to help the facility was closed shortly after opening due to the well publicized tragedy of the death of two women whose car crashed through the retaining wall of the structure plunging them to the street below. The Claridge is now officially up for sale and the future of the property is anybody’s guess.

Ramada Inns had paid \$20 million for the old Ambassador Hotel. Their original plans called to renovate the old hotel and convert it into a 546 room hotel complex with a 60,000 sq.ft. casino, 1200 seat dinner theater, 1000 seat ballroom and other public amenities. The proposed plan was estimated to cost \$80 million. Governor Brendan Byrne had finally had enough with the “patch and paint” jobs in Atlantic City and wanted the old Ambassador demolished. The CCC agreed with the governor and rejected the plan. Ramada’s president, M. William Isbell, threatened to appeal the decision in the courts but capitulated and now was happy with a new plan that called for the “peeling” of the bricks from the old hotel structure and build a new facility - using the steel framework of the Ambassador, definitely a unique way to build the complex. On November 9, 1979, the bricks started to come down. Isbell’s unhappiness with the original decision delayed the opening of the casino as much as two years, not counting how much more the new construction would cost. He also felt, justifiably so, that a “new set of rules” were being applied to Ramada citing the previous renovation projects approved by the CCC in the past.

At about the same time Ramada started construction on its Atlantic City complex, they announced that they were purchasing the Tropicana in Las Vegas. With this purchase, Ramada decided to name the Atlantic City property Tropicana also to capitalize on the “known” name in gaming. The projected cost of the casino was to be \$130 million but cost overruns boosted the actual price to a then record \$330 million before its opening date and was expected to reach \$400 million before it was completed a year or so down the line making it the world’s most expensive gambling resort at that time. Just to compare, the Atlantic City Tropicana had 521 guest rooms and an average size casino. The original MGM Grand in Las Vegas had a casino larger than two football fields and 2800 guest rooms - and cost only \$126 million!

The partially completed hotel opened on November 23, 1981 and would get its permanent license in one year. Ramada was criticized for allowing most of the Tropicana management team in Las Vegas, alleged to be corrupt and involved in possible skimming, to stay on after the purchase by Ramada but by the time their permanent license hearings began there was no one left in the Ramada organization who could be associated with past indiscretions. Soon after opening, the Tropicana built a unique indoor amusement area called Tivoli Pier. It was to be a throwback to the “old” Atlantic City amusement piers of the past. With that, the Tropicana name was also changed to TropWorld Casino and Entertainment Resort. The family theme did not seem to work and the Tivoli Pier was closed in 1995 to make way for a new poker, keno and simulcast area, which opened in 1996. A new tower was also built above the parking garage bringing the TropWorld room inventory to approximately 1600, presently the largest hotel in New Jersey. In July of 1996, the name of the complex was changed back to Tropicana. With the casino addition and expansion plus the new tower, the Tropicana hopes to position itself for the future competition of the mega-resorts now planned for Atlantic City.

Donald Trump! His story in Atlantic City requires and entire part to this series.

Donald Trump - His name is almost synonymous with gaming in Atlantic City so this entire part of the series will focus on his involvement in Atlantic City’s gaming history. It’s “The Art of the Deal, Boardwalk Style”.

It all started on May 22, 1984. It was then that Harrah’s at Trump Plaza opened its doors for business as Atlantic City’s tenth casino. Trump had earlier described the casino as full of “brass and class” and now he was telling everyone that his hotel was the finest building in Atlantic City. The hotel, a joint venture between Trump and Harrah’s (already very successful in the Marina area) where as Trump built the property and the casino was to be managed by Harrahs, had 614 rooms, seven restaurants, a health club, a 750-seat showroom and a 60,000 sq.ft. casino all crammed into a narrow 2.6 acre tract. Trump was a well-known real estate mogul in Manhattan coming from money long before his venture into Atlantic City. Harrahs at Trump Plaza was hailed as the beginning of the ‘next wave’ of casino development in the city. This deal was really an ‘artful’ one by “The Donald”. Trump committed \$22 million to the project when Harrahs/Holiday Inns Inc. came into the picture. For half interest in the project, they reimbursed Trump the \$22 million he had already invested and paid him an additional \$50 million in cash plus financing in amounts estimated to be between \$170 and \$250 million. The total cost of the project was reported to be \$220 million, which meant that Trump came away with a

handsome profit plus 50% interest in the new hotel-casino without risking any of his own money! As an added bonus, Harrah's/Holiday Inns agreed to manage the property without charge and guaranteed Trump no financial losses in the first five years. Even with this "sweet deal" within six months, Harrahs and Trump had a falling out. Harrahs name was removed from the casino and it became known only as Trump Plaza. The split was over the fact that Trump thought the casino was being mis-managed by Harrahs. One problem was that Harrahs name was associated with low-budget gamblers concentrating on its slot operation while Trump had built 85 luxury suits for high rollers that were not being attracted by Harrahs style. Even with its expertise in attracting low-rolling slot players, Harrahs failed to meet expectations at Trump Plaza. Earnings for the seven months in 1984 that the casino was open placed the casino seventh out of the ten casinos operating at the time in the revenue race. This enraged Trump, who was used to being number one! Bad blood or not, Harrahs still held its 50% interest in the hotel and managed the property. The feud ended up in the courts after Trumps' next deal - The Atlantic City Hilton.

In the early 1980's, Hilton Hotels acquired a parcel of land in the marina area and commenced building a hotel-casino to be called the Atlantic City Hilton. Just about the time of completion of the project in February of 1985, the Hilton Corporation made history by being the first company denied an operating license in New Jersey. Barron Hilton issued a statement stating that he was "shocked and stunned" at the decision and promised that the company would take its appeals to the courts. At this time, there were only four members of the CCC sitting as a replacement for resigned commissioner Don Thomas was not filled. Two members voted for Hilton and two were against but Hilton needed a majority vote to be licensed.

In less than one month, the CCC agreed to re-open the hearings for Hilton's licensing. It was hoped that one of the two "negative" votes would be changed or that the fifth member, Valerie Armstrong, recently appointed to the commission, would be sworn in by the time the hearings began. Here is where the story gets really interesting!

A few days after the CCC announcement on the hearings, Steve Wynn made a bid to buy control of the Hilton Hotels Corporation. A letter to Barron Hilton stated that Golden Nugget offered to buy up to 6.78 million shares (27.4% of Hilton stock) for \$72 per share or a total of \$488.3 million. Other considerations could have made the transaction worth as much as \$1.8 billion. The block of shares to be purchased was owned by the estate of the late Conrad Hilton and when Golden Nugget suspected that Hilton was making moves to block its takeover attempts, Golden Nugget filed a lawsuit against Hilton charging securities violations. The suit asked the courts to stop further solicitation of proxies by Hilton and invalidate proxies previously granted. Golden Nugget filed its suit on April 19, 1985, one day **AFTER** it learned that Barron Hilton was considering an offer to sell the Atlantic City Hilton to Donald Trump! A Golden Nugget executive issued a statement saying "Hilton was putting its tail between its legs and running away from New Jersey without vindicating its name." One week later, Golden Nugget offered Hilton \$344 million for the Atlantic City property. The offer consisted of cash, 8 percent notes and some undeveloped Atlantic City property which Hilton refused stating that the notes and property were "overvalued". The next day, Hilton announced that it had accepted an offer of \$325 million from Donald Trump. Estimates placed Hilton's cost at \$308 million for its nearly completed hotel-casino. This was the spark that ignited the feud between Wynn and Trump which still lasts today. The only question remaining now was a name for the property. The facility was so near completion that a large Atlantic City Hilton sign was already on the building and the property did open using Atlantic City Hilton chips and tokens. The slots were all fitted with the Hilton "rainbow" design slot glass. The name Trump Palace was bantered around but when Caesars found out about the name, **they** filed suit against Trump's use of the name and won even though Caesars Palace was in Las Vegas and the Caesars Atlantic City property was known as Boardwalk Regency. Thus the name Trump Castle finally was the choice. The facility opened in June 1985 and at the formal ribbon cutting ceremony held one month later on July 16, 1985, Trump, with the press in full attendance, took a swipe at Harrahs, his partner on the Boardwalk. He stated that; "There has never been a smoother, more successful opening of a casino in Atlantic City." Without mentioning Trump Plaza by name, he reminded everyone there that; "we don't manage the other facility". Harrahs was not only Trump's partner on the boardwalk, but his new neighbor in the marina, which placed Trump in direct competition with his boardwalk partner.

This feud, which had been going on for a year, finally ended up in the courts. A suit and countersuit were filed by both Harrahs and Trump. In late 1985 Harrahs, which had become tired of the feud and did not want it to drag on even longer in the courts, approached Trump with a offer to sell him their 50% interest in the facility. Trump accepted and the contracts were signed in early 1986. Trump was now the sole owner of Trump Plaza. The cost to Trump was \$67 million and later, he would say "it was one of my most savored transactions".

Trump's third property in Atlantic City, the Taj Mahal, was also born out of controversy as it was part of the Trump-Griffin duel in 1988 over Resorts International, the then owner of the of the partially completed hotel. Once again another name, this time Resorts, was on a building that became part of the Trump organization as the deal struck with Griffin gave Merv all of Resorts holdings in Atlantic City and the Bahamas with the unfinished Taj project going to Trump who completed the facility. The casino finally opened in 1990 and ran into financial problems right away. This casino, along with the Trump Castle, have been in and out of bankruptcy reorganization.

As was reported earlier in this series, Trump purchased the then closed Playboy/Atlantis casino hotel in 1989 and ran the place as the non-casino hotel named Trump Regency. In 1996, the casino was re-opened and the name changed to the Trump World's Fair casino operating as an arm of Trump Plaza.

Trump has had stock and possible takeover tries against Holiday Inns/Harrahs and Ballys plus feuds with Pratt/Sands over the Penthouse property (which was won by Trump). The only casinos not affected by Trump, in one way or another, in Atlantic City would be the Tropicana and Claridge. Now if that's not a mover and shaker, I don't know what that is! Trump continues to be a major force in Atlantic City. He has spoken out time and again against Steve Wynn and his plans to open a mega-resort in the marina area along with two other prominent Nevada operators. In fact, Trump (along with Harrahs at his side this time) was the only other bidder for the land (a former landfill) that the city was giving away to any operators who could develop the property. The Trump bid called for the building of a golf course. The city voted for the Wynn plan, one of the few "losses" for Trump in Atlantic City.

Expansion plans for the Castle and the Taj Mahal along with the center boardwalk location for Trump Plaza should keep Trump as a major force in Atlantic City for years to come.

Atlantic City Showboat, past dreams and future developments and a bibliography of materials used for this series.

In March of 1987, the Showboat Hotel and Casino opened a 516 room hotel with a 60,000 sq.ft. casino on property just north of the Taj Mahal. The eight-acre parcel of land had been leased from Resorts for 99 years at \$6.4 million per year. Early on, the Showboat tried its "Las Vegas" strategy in Atlantic City, emphasizing a "family theme" at its property. It was the first and only property to have a bowling center included as part of the complex. The bowling center at Showboat's Las Vegas property is highly successful, while the one in Atlantic City is not. The Showboat has sponsored a PBA (Professional Bowlers Association) tournament at its Las Vegas facility for many years and tried the same at the Atlantic City Showboat during the first few years after opening. For whatever reason, the PBA tournament was dropped in Atlantic City. The entire property's marketing strategy was also changed due to the early financial difficulties and the family theme was dropped also. The change from family to the middle to upper middle gambler proved a success.

During its relative short history, the Showboat has had many "firsts" credited to it. They were the first to open a simulcast area in an Atlantic City casino, previously approved by the voters in 1990. They also were the first to offer poker in Jake's Betting Parlor, an expanded - separate area opened away from the main casino. Keno was also offered in Jake's, another Showboat first. Showboat also recently was the first to use funds allowed under the Casino Redevelopment Act to add an additional tower with over 300 rooms along with additional casino space. Showboat's slot inventory now ranks third, just behind the Trump Plaza/World's Fair casino and Trump's other property, the Taj Mahal. All of these "firsts" have helped the Showboat become one of the more successful operators in Atlantic City.

The Atlantic City Showboat is not just friendly to gamblers, but chip collectors as well! The Showboat graciously offers the Atlantic City Chapter of the CC>CC its Mardi Gras showroom to hold their meetings every four to six weeks on a Sunday afternoon. They do not charge the organization and all they ask is that you obtain a slot/rating card and give them some business either before or after the meetings. Not too much to ask for such a fine meeting room as they supply to us. If you happen to be in Atlantic City during one of our meeting Sundays, which VP Russ Diaz announces right here in Gaming Times, stop in and say hi to many of your fellow chippers.

It wasn't until the early 90's that the regulations softened on the casino industry allowing them to be more competitive with all the new jurisdictions now involved in gaming. Back in the late 70's when the legislation was written, there was Atlantic City and Nevada only! Things had changed but the state of New Jersey was lagging behind. Now it was catch-up time!

In November of 1990, the voters approved a constitutional amendment to permit the casinos in Atlantic City to offer simulcasts of horse racing. In July of 1991, the casinos got the approval to remain open for twenty-four hours on weekends and holidays on an experimental basis. One year later, the casinos got the approval to remain open for twenty-four hours - seven days a week. Now they were on equal terms with Nevada - they never close! Only sports-betting has eluded the casinos in Atlantic City. In the early 90's, an effort to get a sports betting question to the voters never made it through the assembly. The same legislation also allows the CCC to authorize new games to be offered by the casinos without legislative approval. These and other changes have spurred a new interest in Atlantic City by major gaming companies and prompted the existing casinos to expand their properties by way of adding rooms, casino space, restaurants and other public areas. A new convention center, expanded airport and more rooms will hopefully change the image of Atlantic City from a "day trip" market to a "full destination resort."

Atlantic City's past could have been much brighter had all of the proposed casinos been built. Camelot, the Golden Pyramids, the Dunes, Carnival Club, Penthouse, the Ritz, Atlantic Land, Sahara, King Intl., Aquarius, Benihana, Lady Luck are just a few of the proposed casinos that were never built. Add to this list, the casinos that were planned or announced by those with properties already open in Atlantic City mentioned previously in this series. There would have been over 35,000 rooms and more than 50 casinos in Atlantic City had all the announced projects been built. A few of these started construction but ended at one point or another due to lack of funds.

Now, Atlantic City looks towards the future! Not since the early 80's have so many new projects been announced for Atlantic City. In the marina area, Mirage Resorts, Circus-Circus and Boyd Gaming plan to build three mega-resorts on a former landfill each with 2,000 rooms. MGM Grand intends to build a large scale property just north of the Showboat. Bally's is building a Western Theme casino adjacent to Park Place. ITT and Planet Hollywood intend to build a 1000 room hotel on the site of the former Traymore Hotel,

between the Sands and the boardwalk. Now that Sun Intl. has purchased Resorts, a name change is due and look for the property to change drastically as Sun does not do things on a small scale. They have also been looking at property near the MGM site for a possible new complex as well. All of the other existing properties have already expanded, are building or plan to expand within the next year or two. A deal between Hard Rock and Donald Trump seems to have not materialized. The deal would have had the Castle become a Hard Rock Hotel - Casino with a dramatic new look. The eyesores are slowly disappearing, roads are being improved and a new convention center has also adding to the excitement of the "NEW ATLANTIC CITY."

I hope this series of articles has been both informative and enjoyable for you to read. Beyond some of my memories of the early days, NO ONE can know all of this information off the top of their head. That's where the research comes in to play. To give proper credit where credit is due, I will list the sources used for much of this series. All made for interesting reading.

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