

APNewsBreak: PokerStars still wants to buy casino

Written by Administrator
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ATLANTIC CITY, N.J. (AP) -- The British parent company of the PokerStars website says it still wants to buy an Atlantic City casino, even though a deal to obtain it fell through on Wednesday.

The Rational Group said Thursday night it wants to try to save its deal to purchase The Atlantic Club Hotel. The casino said Wednesday the purchase deal was dead, but declined to say why.

Eric Hollreiser, a spokesman for the Isle Of Man-based company, said it had expected the closing deadline for the sale to be extended.

"Several days ago the Rational Group received a purported notice of termination of this agreement from the current owners of the Atlantic Club," he said in a statement. "It was the Rational Group's expectation and understanding, based on the ongoing dealings between the parties, that the closing date would be extended to allow the transaction to be completed. The Rational Group remains entirely committed to resolving this situation and to our investment in New Jersey."

Michael Frawley, the chief operating officer for The Atlantic Club, did not respond to messages seeking comment Thursday night.

The casino is owned by Los Angeles-based Colony Capital, which reached a deal with The Rational Group last December to sell The Atlantic Club.

The transaction was seen as mutually beneficial because the casino has struggled for years near the bottom of Atlantic City's 12 casinos in terms of revenue and profitability. And the deal would give PokerStars a much-sought-after ramp to the lucrative online gambling market expected to develop in New Jersey, one of three states that has legalized Internet gambling, along with Nevada and Delaware.

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Ultimate Gaming, a company affiliated with Las Vegas' Station Casinos, started taking online bets this week. New Jersey and Delaware plan to start their online operations later this year. Unlike Nevada, which only offers poker, they will offer all types of casino table and slots games online.

No purchase price had been announced for the casino.

New Jersey casino regulators have been examining the Rational Group's application to buy a casino, but no decision was imminent.

An important part of what they would eventually have had to consider is the company's history of taking bets in the U.S. before it was explicitly legal. It was one of three companies targeted by the U.S. Justice Department in 2011 in a crackdown on then-illegal Internet gambling that came to be known in the poker community as "Black Friday."

The Rational Group agreed last year to pay \$547 million to the Justice Department and \$184 million to poker players overseas to settle a case alleging money laundering, bank fraud and illegal gambling. It admitted no wrongdoing, and says it is in good standing with governments around the world.

That situation was expected to pose a difficult hurdle to the company's efforts to win licensing from New Jersey casino regulators, and the trade association representing the nation's brick and mortar casinos strongly opposes the deal. The American Gaming Association applied to intervene in PokerStars' licensing hearing, wanting to argue against the proposed purchase.

The Atlantic Club has struggled against newer, larger casinos both in Atlantic City and in neighboring states, and nearly closed several years ago. Recently, its decision to adopt a value-priced strategy with inexpensive food and drinks, free parking and low-roller casino tables, with gambling chips as low as 25 cents, has shown some success.

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