

## Deutsche Bank Said to Pick Hilton to Run Las Vegas Cosmopolitan

By Jonathan Keehner and Jason Kelly

**March 20 (Bloomberg)** -- **Deutsche Bank** AG picked **Hilton Hotels** Corp. to operate the Cosmopolitan Resort & Casino, the Las Vegas Strip property it foreclosed on, in a sign that the biggest German bank plans to hold the casino instead of selling it, according to people familiar with the decision.

Hilton, under its recently created Denizen brand, would manage the hotel part of the \$3.5 billion development, the people said, declining to be named because the discussions are private. Frankfurt-based Deutsche Bank may still sell the 8.5-acre property, which it foreclosed on last year after developer **Ian Bruce Eichner** defaulted on a \$760 million loan, the people said.

The deal between Hilton, owned by private-equity firm **Blackstone Group** LP, and Deutsche Bank shows how banks taking over ailing casino companies may operate the properties until there's a more favorable sale market.

**"Never before have so many gaming companies been in distress and at risk of a change in control,"** said **Charles Moore**, a senior managing director of **Conway MacKenzie & Dunleavy**, a restructuring firm in **Birmingham, Michigan**, who is advising the **bankrupt Greektown Casino in Detroit**. **"Creditors will need outside managers as they seize casinos to deal with unique licensing and operating challenges."**

Representatives of Blackstone, Hilton and Deutsche Bank declined to comment.

The Las Vegas Strip, the biggest U.S. gambling center, is experiencing its worst annual decline on record, with casino revenue dropping 15 percent to \$510.4 million in January, according to a March 10 statement from the Nevada's Gaming Control Board.

**MGM Mirage**, the largest casino owner on the Strip, said this week its auditors have “substantial doubt” about its ability to operate as the recession curbs consumer spending on travel and betting.

### Salvaging Deals

Casino investors are trying to salvage their deals. **Apollo Global Management** LLC and TPG Inc. are buying debt in Harrah’s Entertainment Inc., the casino company they acquired last year for \$30.7 billion, to protect themselves should Harrah’s seek bankruptcy protection.

Billionaire **Carl Icahn** and other secured creditors of bankrupt Tropicana Entertainment LLC said this week they plan to bid on the company’s Atlantic City, New Jersey, casino to jumpstart the property’s sale.

Blackstone, based in New York, bought Beverly Hills, California-based Hilton for \$20 billion in 2007 at the end of a record-setting LBO boom during which \$1.2 trillion worth of companies traded hands. Hilton increased profit by 9.2 percent last year, Blackstone told investors last month.

Hilton on March 10 announced the new Denizen lifestyle brand, which it said will feature hotels with communal style dining. The company said in a statement announcing the brand that Las Vegas was among the cities where Hilton was in “active development negotiations” for Denizen.

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