

## New Jersey Supreme Court to rule on Tropicana license non-renewal

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Decision on Atlantic City casino could take a year

With the New Jersey Supreme Court's decision to hear Tropicana Entertainment, LLC's appeal of the Casino Control Commission's (CCC) decision not to renew its gaming license, the timetable for a sale of the Tropicana Casino and Resort in Atlantic City will likely have to be adjusted until the case is heard and a decision rendered, which could take as long as a year.

Tropicana CEO Scott C. Butera said that, the Court's decision notwithstanding, Tropicana will go forward with its plan to submit a formal petition to the CCC to regain operational control of the property.

'We are certainly gratified by the Supreme Court's decision and we are eager to have our day in court,' he said. 'Nonetheless, we will continue to demonstrate to all our constituents that Tropicana is a new company with a new management team in place that intends to pursue every legal and regulatory option to obtain the right to manage the Atlantic City gaming operation.'

Lawyers for Tropicana have had an ongoing concern about the casino sale process being overseen by Justice Gary Stein. Some of those concerns were articulated in a letter sent today to CCC Chair Linda Kassekert, the entire text of which follows.

Text of Letter to Commission Chair Kassekert

Honorable Linda M. Kassekert, Chair

State of New Jersey

Casino Control Commission

Tennessee Avenue and Boardwalk

Arcade Building

Atlantic City, NJ 08401

Dear Chair Kassekert:

We are in receipt of the petition filed on October 6, 2008 by Justice Stein as Trustee/Conservator of Adamar of New Jersey (PRN # 2800802). The essential relief sought by the petition is another extension of the time for Justice Stein to complete the sale of Adamar.

On October 10, the New Jersey Supreme Court granted Certification of the appeal of Tropicana Entertainment from the Appellate Division decision affirming action of the Commission in December 2007 which led to the appointment of Justice Stein. The action of the Supreme Court statutorily restricts Justice Stein's ability to consummate a sale of Adamar of New Jersey, Inc. or its assets pending the determination of the Supreme Court.

Pending disposition of the Appeal, the Commission may deem consideration of the Petition premature at this time. In the event the Commission considers the Petition, Tropicana Entertainment urges denial of the relief sought.

Justice Stein asserts that after reviewing the four "bids" submitted to him, he had discussions with, among others, "Tropicana Entertainment," and thereafter announced that the Cordish Company was the "leading bidder." Petition, paragraph 20. Justice Stein further states that he had begun negotiating an asset purchase agreement with Cordish and that "Cordish, the Trustee/Conservator and the various constituencies also have and will continue to have discussions regarding the best way to maximize the value of the Cordish bid, and the best way to facilitate a resolution of the sale process." Id. at paragraph 21.

With all respect due Justice Stein, these assertions, at least as they relate to consultations with Tropicana Entertainment, are false. The sole contact Tropicana or its advisors and representatives have had is a single telephone conversation, originated not by Justice Stein or any representative of Justice Stein, but by counsel for Tropicana on an entirely different subject. Attorneys for Tropicana spoke with counsel for Justice Stein inquiring about the Justice's continuing refusal to use any excess cash of Adamar of New Jersey to pay to lenders a portion of the debt service on obligations for which Adamar is a guarantor. Justice Stein's counsel indicated that he wanted to update Tropicana Entertainment with respect to the "sale process," and a conference call was scheduled for two days later. " In the course of the conference call, Tropicana learned of the existence of the Cordish "offer" and its terms in no more detail than subsequently appeared in newspaper accounts. In our view, this single telephone conversation, however else it may be described, did not constitute the "appropriate prior consultation" required by the Casino Control Act, N.J.S.A. 5:12-130.2c.

Moreover, the petition reveals hardly any more details of the Cordish "offer" than were provided in the telephone conversation and reported in the press. Transparency of process is sorely lacking. So far as the Tropicana entities are concerned (and we suspect the same is true with respect to other of the Justice's constituencies as well), the process can only be described as opaque. The constituencies that the Justice refers to in the petition, as well as the other stakeholders

(including the taxpayers of Atlantic City), are all entitled to know - and have adequate opportunity to analyze and assess, and thereafter comment upon - the precise details and validity of the so-called proposal (including contingencies) before the Commission considers Stein's petition. If the Cordish proposal has merit, it will withstand scrutiny in the light of day.

We also do not believe that the time frame suggested in the petition is realistic. Justice Stein proposes to complete his negotiations by the end of October, then draft and submit a report for consideration by the Commission, the Division and all other "constituencies," presumably including Tropicana, in time for final, dispositive action on the proposal by the Commission at its public meeting scheduled for November 12, 2008. This is simply too truncated a period of time for the regulators, the creditors, both secured and unsecured, other stakeholders, and us, the "former owners" of the licensee, to respond in any meaningful way.

Furthermore, to rush what has already been a protracted process to a premature conclusion creates the distinct impression that the transaction is, in fact, a pre-ordained fire sale. Such a disposition serves the best interests of no one. We urge the Commission to reject the petition and direct Justice Stein to conduct more appropriate prior consultation with all concerned parties prior to proceeding further.

Respectfully,

Sterns & Weinroth

cc: Members of the Commission

Dianna W. Fauntleroy, General Counsel

Mary Jo Flaherty, Deputy Attorney General

Justice Gary S. Stein

Sean Mack, Esq.

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