

Leonard Green, TPG Said to Be in Talks for Palms Casino Stake - Bloomberg

Written by Administrator
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Leonard Green & Partners LP and TPG Capital are in talks to take a controlling stake in the Palms Casino Resort, a Las Vegas celebrity hangout, as owner George Maloof

seeks to restructure the property's debt, people with knowledge of the matter said. Frederick M. Brown/Getty Images

Jan. 6 (Bloomberg) -- Leonard Green & Partners LP and TPG Capital are in talks to take a controlling stake in the Palms Casino Resort, a Las Vegas celebrity hangout, as owner George Maloof seeks to restructure the property's debt, people with knowledge of the matter said. Bloomberg's Cristina Alesci reports. (Source: Bloomberg)

[Leonard Green](#) & Partners LP and TPG Capital are in talks to take a controlling stake in the Palms Casino Resort, a Las Vegas celebrity hangout, as owner George Maloof seeks to restructure the property's debt, people with knowledge of the matter said.

The buyout firms acquired most of a loan backed by the casino and its hotel towers at a discount last year, and may take an equity stake in the first quarter as part of the restructuring, said three of the people, who asked not to be identified because the deliberations are private. No agreement has been reached and talks are continuing, the people said.

Maloof, who opened the Palms in 2001, may partner with Los Angeles-based Leonard Green and TPG to remain the operator with a reduced ownership stake, the people said. The property is backed by a revolving credit facility, originally for \$400 million, that came due in October and wasn't refinanced. The resort is located less than a mile off the Las Vegas Strip.

The Palms breached financial covenants on its loan after operating conditions worsened, the people said. Private-equity firms and casino companies are scouring Las Vegas for deals as the city emerges from a record slump in gambling and tourism worsened by the financial crisis and housing collapse.

TPG, based in [Fort Worth](#), [Texas](#), owns Caesars Entertainment Corp., the world's biggest casino operator formerly called Harrah's, after taking the company private for \$30.7 billion, including debt and transaction costs, in January 2008 with Apollo Global Management LLC.

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Representatives of TPG and the Palms declined to comment. A spokesman for Leonard Green did not respond to calls and e-mails for comment.

Bunny Dealers

Renowned as a celebrity hangout, the Palms routinely appears in magazines including US Weekly and OK!, and gossip websites such as TMZ with events featuring stars like [Chris Rock](#) and LeAnn Rimes. Recently, the casino hosted “Jersey Shore” TV stars Jenni “J-Woww” Farley and DJ Pauly D.

The property has 95,000 square feet of casino space, the Pearl theater, nine restaurants, six bars and nightclubs, including a Playboy Club featuring Bunny dealers. The resort houses recording studios, a spa, two acres of pools featuring three bars, and two-story bungalows with Jacuzzis, according to its [website](#) .

The accommodations include a suite with a basketball court and furnishings designed for the ultra-tall, another featuring a bowling alley, two Playpen Suites designed for bachelor and bachelorette parties that advertise dancer poles and Murphy beds, and the Hugh Hefner Sky Villa.

To lure more locals, Maloof in November introduced “Palms Slots Pay Lots,” featuring himself in TV ads promoting higher payouts. It’s similar to a strategy he used in North [Las Vegas](#) at the Fiesta Casino Hotel, built by the Maloofs in the 1990s.

Fiesta’s Over

The family sold the Fiesta interest for about \$185 million in mid-2000 and built the Palms, originally a \$285 million hotel casino opened in November 2001, according to their website. Subsequent tower additions expanded Palms to 1,300 guest rooms, including Palms Place, the condo hotel development neighboring the casino.

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The Maloofs made their fortune through New Mexico beer distributorships and today own sports and entertainment enterprises including the Sacramento Kings basketball team and the Maloof Money Cup skateboarding competition.

Leonard Green, which manages about \$9 billion in equity capital, unsuccessfully sought control of the M Resort Spa Casino, a 390-room resort located 10 miles off the Strip, losing out in October to Penn National Gaming Inc.

Leonard Green and TPG have previously partnered on deals, including retailer PETCO Animal Supplies and a joint offer in November for clothing retailer J. Crew Group Inc.

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