

Without Steve Wynn, Casino Empire Risks Losing More Than a Name

Written by Administrator
Wednesday, 07 February 2018 20:43 -

Mr. Wynn's hold on his company had been tenuous ever since The Wall Street Journal [published an in-depth investigation](#) last month revealing that he had been accused of harassing female employees for decades, including allegations that he exposed himself and pressured some women to have sex.

He denied the allegations, calling them "preposterous." And in his statement Tuesday evening, Mr. Wynn did not admit to any wrongdoing.

A Wynn Resorts spokesman said Mr. Wynn was not available for comment Wednesday.

The fallout for Mr. Wynn and his empire has been swift since the allegations were disclosed. His standing as a power player in political circles took an early hit as he [quickly resigned as finance chairman](#) of the Republican National Committee. His name was stripped from buildings and programs at various universities.

The harassment allegations have resulted in [multiple shareholder lawsuits](#) and at least four separate investigations into Mr. Wynn and the Wynn Resorts operations. One investigation, by Massachusetts gambling regulators, raised worries that it could threaten the license of the Boston resort.

On Wednesday, shares in Wynn Resorts rebounded by jumping 8.6 percent, as Wall Street investors hoped that Mr. Wynn's surprise departure would stave off any significant licensing or regulatory fallout.

But on Wednesday afternoon, members of the Massachusetts Gaming Commission said it would not halt its investigation of Mr. Wynn and his company, noting that he continued to hold stock and could exert influence over the company and its brand.

The commission is determining the suitability of Mr. Wynn and his partners to hold the lone

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license awarded to build a casino in eastern Massachusetts. The luxury resort is on track to open in June 2019.

“A central question is, what did the board of directors and staff know, and when did they know it, about the settlement and the associated allegations?” said David Crosby, chairman of the commission. He was referring to a settlement reported by The Journal in which Mr. Wynn allegedly paid \$7.5 million to a former manicurist.

“That’s a critical point for us and for the public of Massachusetts to know ASAP,” Mr. Crosby added.

The scrutiny has extended to Macau, the crown jewel of the Wynn empire. The company operates two brassy casinos in the former Portuguese colony, and their revenue is [more than eight times](#) that of its casinos in Las Vegas.

Photo



The Wynn Las Vegas resort on the Strip. Steve Wynn handpicked many of Wynn Resorts’ top executives, raising the possibility that other leaders could depart in his wake.

Credit

Richard Brian/Las Vegas Review-Journal, via Associated Press

But Linda Chen, the president of Wynn’s Macau business, met recently with local government representatives who requested “detailed clarifications” of continuing investigations into Mr. Wynn, according to a [statement issued Wednesday](#) from Macau’s Gaming Inspection and Coordination Bureau. The meeting included Lionel Leong, the secretary of economy and finance and Macau’s third-highest-ranking official.

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Wynn Macau's license to operate in the region [expires in 2022](#) .

While the various investigations continue, it is unclear how Wynn Resorts will proceed without its longtime leader.

Matt Maddox, the company's president since 2013, was named Mr. Wynn's replacement. Mr. Maddox joined the company in 2002 after working in corporate finance for what is now Caesars Entertainment.

Billy Vassiliadis, chief executive of R & R Partners, the firm that markets Las Vegas for the city's Convention and Visitors Authority, said Mr. Wynn was "an idea generator."

"None of us in this world are irreplaceable," Mr. Vassiliadis said. "But that kind of raw imagination is pretty rare."

Frank Fahrenkopf, a former Republican National Committee chairman who founded the American Gaming Association and is a close friend of Mr. Wynn's, said he had not talked to Mr. Wynn about the decision. But he added that he could not imagine others forcing the mogul to step down.

"I know him well enough to know no one's going to come in and say, 'You built this company, but we think you should resign,'" Mr. Fahrenkopf said.

"This thing wasn't getting any better," he added. "They were moving in Massachusetts. There's discussions about what could happen in Macau. He decided it was in the best interests of the company, the shareholders, to step down. This was a decision that Steve made on his own."

Wynn Resorts is not the first corporation or entity to confront the thorny predicament of a megastar leader's becoming embroiled in controversy.

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Before the celebrity businesswoman Martha Stewart went to prison in 2004 on charges of obstruction of justice, she stepped down as chief executive of her publicly traded company. But she continued to wield influence at Martha Stewart Living Omnimedia in a creative director role as she worked to improve her image by talking openly about her time in prison and the plight of the other inmates.

Mr. Vassiliadis, whose firm is famous for the What Happens Here Stays Here campaign, believes the Wynn brand can succeed even without its namesake.

“The product they have stands apart from the man, and the Wynn brand stands for luxury and service,” he said.

Given the nature of the allegations against Mr. Wynn and the growing power behind the #MeToo movement, the company could face a consumer backlash if his name remains a prominent part of it.

If moral outrage builds, it may make sense for the company to simply move quickly and come up with another name for the properties, said Barbara Kahn, a marketing professor at the Wharton School at the University of Pennsylvania.

“If they decide they are going to do it, then they should rip the Band-Aid off and just do it,” she added.

But removing Mr. Wynn from the Wynn empire is easier said than done.

He is likely to maintain an awkward, physical presence at Wynn, given that he maintains a residence at the villas of the Wynn hotel. Many of Wynn Resorts’ top executives were handpicked by Mr. Wynn and, many analysts suggested, remain loyal to him, raising the possibility that other leaders could depart.

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Mr. Wynn's shoes "will not be easy to fill," Vitaly Umansky, an analyst at Sanford C. Bernstein in Hong Kong, wrote in a note on Wednesday. "While, theoretically, the old adage that everyone is replaceable may be generally true, the Wynn dynamic is much more complicated and uncertain. Steve Wynn is WYNN (the company)."

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