

By WAYNE PARRY, Associated Press

ATLANTIC CITY, N.J. — A perennially challenged Atlantic City casino will finally turn a profit this month and chart the way forward under the ownership of a New York hedge fund.

The Ocean Casino Resort, which until a few weeks ago was known as the Ocean Resort Casino , has greatly reduced its debt and will return to profitability in May, according to Eric Matejevich, the interim CEO managing the oceanfront property while an ownership transfer takes place.

The property, which opened in 2012 as Revel and closed two years later, is in the process of changing hands yet again. It is being transferred from the late Bruce Deifik, the Colorado developer who died in a car crash last month , to hedge fund Luxor Capital, who had agreed to take over and invest \$70 million into the property as Deifik ran out of money to operate it. The deal could close sometime in June.

Of the \$70 million Luxor pumped into the property earlier this year, \$50 million went to pay down debt, leaving it with a greatly improved balance sheet, Matejevich told The Associated Press.

That encouraged David Schwartz, a gambling expert at the University of Nevada Las Vegas.

"Reducing the debt load will ease a great deal of pressure, making it easier for the property to invest in facilities and promotions that will draw customers," he said. "Oftentimes, putting a casino on a more solid financial footing can make a big difference."

The resort had begun to run out of money in September, prompting Deifik to relinquish ownership in January, after just six months.

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The immediate priority was to stop the bleeding; the property had been losing money every month since September, and had fallen below state-mandated liquidity requirements.

"In a lot of ways, we're going faster than we had imagined we could," Matejevich said. "We've largely eliminated losses at the property and we are making a major effort to reintroduce this place to people."

It's a small sample size, but encouraging nonetheless: the casino won more from customers at slot machines this April than in any previous month, and recorded its second-highest hotel occupancy rate. The exact numbers will be released by state regulators later this month.

The property's history has not been a good one. Original investors Morgan Stanley pulled out before it was halfway finished, taking a \$1 billion loss. Revel went bankrupt twice, never came close to turning a profit, and shut down in September 2014. It remained closed under the ownership of Florida developer Glenn Straub, who sold it to Deifik in January 2018.

Deifik reopened it under a new name last June, but quickly ran out of money once the busier summer months ended. The casino lost \$3.2 million in September; \$4.1 million in October; \$5.5 million in November and \$5.8 million in December, and by January, Luxor, who had been one of its lenders, agreed to take over.

When it was called Revel, the property was one of five of Atlantic City's 12 casinos to go out of business between 2014 and 2016. With less competition, the surviving casinos began to fare better. But with Revel reopening as the Ocean casino and the Trump Taj Mahal reopening as the Hard Rock, a higher level of competition has been reintroduced to a market that had only recently regained its footing. Operating profits in Atlantic City fell by more than 15% last year.

Ocean has instituted a new marketing plan emphasizing its casino offerings — hence the transposition of "resort" and "casino" in its name — and is addressing a longtime patron gripe by adding new elevators to make it easier to get to the casino floor from the hotel.

Players club members now receive offers seven days a week, up from once a week, said Mike

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Donovan, the property's chief marketing officer. He added the casino has a database from when it operated as Revel, and is contacting former customers "that we haven't talked to in a while."

One of its big goals is to add 500 hotel rooms within its existing tower, boosting its inventory from 1,400.

The casino is adding 200 new slot machines, and said it has bought out the lease for the Royal Jelly burlesque club on its premises from operator Ivan Kane. Ocean will replace it by Memorial Day weekend with what it describes as a "speakeasy" club that will also offer burlesque, as well as tabletop gambling.

Other amenities are coming along more slowly. The property still does not have a buffet, and won't this summer, either; a food court is planned for the interim. A Starbucks just inside the main casino entrance has been on the books for months, but construction has not yet started.

Perhaps the most important development is a commitment on the part of the property's future owners to keep Ocean open and running for the foreseeable future, past the busy summer months.

Atlantic City's main casino union recently asked regulators to help protect casino jobs at properties owned by hedge funds, accusing them of seeking short-term profits at the expense of long-term investment and growth. The union's president, Bob McDevitt, however, said Luxor appears to be sincere in its desire to rebuild Ocean's business and operate it for the foreseeable future.

"Luxor is committed to operating Ocean and is pleasantly surprised by the speed of operating improvements at the property," Matejevich said. "Luxor fully anticipates the market slowdown associated with the fall and winter seasons."

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