

[Return to the referring page.](#)

Las Vegas SUN

August 31, 2005

Hurricane obliterates Gulf Coast casinos

By **Liz Benston** <benston@lasvegassun.com>

LAS VEGAS SUN

Hurricane Katrina picked up entire casinos along the Gulf Coast and hurled them ashore, devastating the lucrative riverboat gambling industry for months and potentially years to come. Mississippi's Gulf Coast sustained the worst damage because of its path in the way of the hurricane. Some of the hardest hit were in Biloxi, where the Grand Casino, Hard Rock, Treasure Bay, Palace Casino, Boomtown and President Casino were tossed about by powerful swells and winds of more than 120 miles per hour.

New Orleans and Louisiana avoided a direct hit but their coastal casinos also sustained damage. New Orleans remains at risk because of rising floodwaters. Levees protecting the city broke after the storm subsided, leaving most of the city underwater.

The American Gaming Association -- the casino industry's largest trade group -- today said it has set up the Gaming Industry Katrina Relief Fund to help the thousands of casino workers who have lost their jobs and homes.

The association, which represents about 50 gaming companies in 11 states, is calling relief organizations and member companies to figure out the best way to get donations to workers. Individuals will be able to make donations through the group's Web site later this week and at an upcoming trade show, the Global Gaming Expo, in Las Vegas.

Tuesday, Harrah's Entertainment Inc. -- the owner of three damaged casinos and the world's largest gaming company -- donated \$1 million to a relief fund for its own workers affected by the storm.

"We believe that the Gulf properties were essentially destroyed and will need to be completely rebuilt," Morgan Stanley stock analyst Celeste Mellet Brown wrote in a research note to investors today.

While deep-pocket owners such as MGM Mirage and Harrah's will rebuild, the future is less certain for some of the smaller riverboat operators, especially with the cost of storm damage insurance, one analyst said.

"There will be properties on the Gulf Coast that won't get rebuilt" because they were marginally profitable, said Matt Sodl, a managing director of investment bank Innovation Capital, which recently sold the President Casino in Biloxi to a new buyer.

Even if companies rebuild, they face a decimated regional economy that will take a long time to recover, he said.

Harrah's Chief Executive Gary Loveman told CNBC its Grand Casino that is built on a floating barge was "probably ruined." Aerial footage showed the ravaged casino had washed ashore and landed on the other side of a busy highway.

"I think it will have to be cut into pieces simply to be moved out of there," Loveman said.

An official with Harrah's said the company's Grand Casino Gulfport also was swept inland, and damage was comparable to its sister property in Biloxi. CNN footage revealed that the Copa Casino in Gulfport was most likely destroyed.

Footage also showed the Casino Magic, owned by Pinnacle Entertainment Inc. of Las Vegas, washed ashore.

"That would tend to result in significant damage given that it's not where it's supposed to be," Pinnacle Chief Financial Officer Steve Capp said Tuesday.

Others along the Gulf Coast were more fortunate.

Boyd Gaming spokesman Rob Stillwell said only one of its three properties in Louisiana, the Treasure Chest casino in a New Orleans suburb, had been affected by Hurricane Katrina, though damage information was unavailable.

The riverboat "is where it should be" and hadn't washed ashore, Stillwell said.

Harrah's New Orleans sustained "very little damage," Loveman told CNBC. "We've been very fortunate there."

The company said the New Orleans casino will remain closed for at least four weeks.

The Gulf Coast's most expensive resort -- MGM Mirage's Beau Rivage in Biloxi -- was still standing after the storm but had sustained "significant damage," company Chief Executive Terry Lanni said.

Mattresses, chairs and yellow insulation were in piles on the once-manicured landscaping, the Associated Press reported.

"The significant damage sustained by Beau Rivage is part of a substantially larger story of devastation in Gulfport and Biloxi," Lanni said in a statement. "Clearly, re-establishing basic services and a sense of normalcy throughout the region must take precedence over concerns for this interruption to our business. This process will, in all likelihood, take months."

MGM Mirage is assembling an assessment team that will evaluate damage and come up with a rebuilding plan. The process will take several weeks, Lanni said. Meanwhile, the company is working on a means of communicating with the property's estimated 3,000 workers.

The effect on the Mississippi economy could be severe. More than 13,000 people work in the dozen casinos along the Gulf Coast in the country's third largest gaming market behind Las Vegas and Atlantic City.

Sun wire services contributed to this report.

Return to the [referring page](#).

[Las Vegas SUN main page](#)

Questions or problems? [Click here](#).

All contents copyright 2005 Las Vegas SUN, Inc.