

# Hooters casino looking at capital or sale options

By Steve Green  
© VEGAS INC, 2011

Thursday  
18 August 2011  
1:01 p.m.



The bankrupt Hooters casino resort in Las Vegas wants to explore alternatives to a forced foreclosure including raising capital, a merger or a sale of the property.

Hooters casino's parent company, 155 East Tropicana LLC, filed for Chapter 11 bankruptcy reorganization on Aug. 1 to block a foreclosure planned by lender Canpartners Realty Holding Co. IV, an affiliate of investment company Canyon Capital Realty Advisors of Los Angeles.

The 696-room property on Tropicana Avenue, just east of the Las Vegas Strip, is encumbered by debt and liabilities of \$177.8 million, according to an updated filing Aug. 15.

Because liens for \$14.5 million in note debt are subordinate to liens in a credit facility, the property's effective amount of debt and liabilities is about \$163.3 million.

This includes Canpartners' secured claim of \$162.2 million – debt Hooters points out was bought at a deep discount. The amount of that discount hasn't been disclosed.

The hotel-casino real estate was valued by the company at \$46.7 million as of Aug. 15. Including the real estate and inventory, the company's assets total just \$63.2 million.

With the property being so deeply underwater, Bankruptcy Judge Bruce Markell in Las Vegas on Aug. 4 told Hooters casino attorneys this is a case in which Hooters needs to either turn the property over to Canpartners, quickly come up with some new capital or reach a consensual restructuring deal with Canpartners.

Time is of the essence because Canpartners has signaled it doesn't want its cash collateral burned through by the casino during lengthy bankruptcy proceedings.

In court filings Wednesday, 155 East Tropicana signaled it's looking at various options as it asked Markell for permission to hire financial advisers Innovation Capital LLC of El Segundo, Calif.; and Alvarez & Marsal North America LLC of New York.

One filing said Innovation Capital would work on "raising senior debt and/or junior capital for the company, including refinancing or recapitalizations; or a sale, merger or acquisition of the company."

Another Hooters filing said Alvarez & Marsal would provide financial and restructuring advisory services including reviewing Hooters' operations, liquidity situation, business plan, budgets and loan agreements; and would provide valuation analyses and assist in debt restructuring initiatives.

<http://www.vegasinc.com/news/2011/aug/18/hooters-casino-looking-capital-or-sale-options/>