

## Case Bets: M Resort, bad debt, Wall Street's bomb

Posted At : July 20, 2009 2:26 PM | Posted By : D McKee

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After fairly flying out of the gate, **M Resort** has hit the wall. Unfortunately, CEO **Anthony Marnell III's** response to economic adversity has been to sweat the value propositions. Not only is M fretting about card counters (hands down, the silliest preoccupation in the casino industry), it's yanking full-pay video poker machines.

*"We are in business to have an edge and these games are nearly break-even,"* Marnell tells **Liz Benston**. Give him points for candor ... but if you didn't want players to have a 50-50 shot, you should never have installed the machines in the first place, fella. This reeks of bait-and-switch. The video poker community is tightly knit; word of this stuff gets arounds fast and will undoubtedly redound to Marnell's disadvantage.



Another thing that might be working against Marnell are M's distinctly underwhelming coupon offers -- far inferior to those from **Station Casinos**, for one. The Significant Other and I tend to forward our M "offers" straight into the WPB (waste paper basket). I'd also respectfully dissent with Benston re M's casino design: It's a throwback to the old "disorientation" days. For ease of navigation, M's not a patch on **Eastside Cannery**, to say nothing of **Wynn Las Vegas**. Heck, even the venerable **Sahara** isn't the rat maze that is M's gambling floor.

**When "whales" attack** Indicted high roller **Terrance K. Watanabe** is taking on Nevada's casino-debt-collection machine and his lawyer is **making some interesting legal arguments**. Basically, he's contending that markers are loans, not checks (as longstanding Nevada precedent would have it). Should this argument prevail at trial, it could have far-reaching consequences.

Since markers could no longer be booked as income, Nevada would no longer be able to tax uncollected markers, as it currently does. Since enforcement of the debt is funded by assessing a 10% penalty on the debtor, **Clark County** couldn't afford to go after delinquent whales, either. And casinos themselves might have to think even harder before (in effect) lending money to players like Watanabe who, his attorney says, accounted for a fifth of **The Rio's** and **Caesars Palace's** casino revenue in a two-year period.

**Hoist on its petard** In his latest *Las Vegas Business Press* column, Dr. **David G. Schwartz** explains how the consolidation mania of the 1990s (spurred by manic **Wall Street** analysts) **came back to bite the casino industry in its ass** when times were tough. So tell us, **Nevada Gaming Commission**, why was it such a good idea to have an oligopoly on the Strip (and in **Lake Tahoe... and ...**)?