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Now, Reality for Trump Looks More Like 'Survivor'

By **TIMOTHY L. O'BRIEN** and **ERIC DASH**

Published: September 24, 2004

The collapse of talks to secure financing for the struggling casinos of Donald J. Trump left him - the largest shareholder - scrambling to find alternate solutions, casino analysts said yesterday, and facing the possibility of the company's filing for bankruptcy protection.

When Mr. Trump and his partner in that potential reorganization, Credit Suisse First Boston, announced late Wednesday night that their talks had collapsed, the future of [Trump Hotels and Casino Resorts Inc.](#) was again thrown into doubt.

"I think this could get ugly because we're about to see a very high-level game of chicken," said Dennis J. Drebsky, a New York bankruptcy lawyer who has been involved in the restructuring of other Atlantic City casinos. "Your guess is as good as mine as to what happens next."

To help Trump Hotels dig out from beneath \$1.8 billion in debt that has hurt the company's operations, Credit Suisse was planning to inject \$345 million into the company, with Mr. Trump on board to invest \$55 million.

All of that hinged on getting bondholders in Trump Hotels to accept a discount on their debt holdings, something no one involved in the talks was able to do, according to two people briefed on the negotiations.



Mary Godleski for The New York Times

A possible sale of the Trump Taj Mahal Hotel Casino and Resort in Atlantic City, the flagship casino of the company, was considered, but Donald J. Trump said "it was of no interest to us."

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Without unified support from the bondholders, the deal fell apart. Analysts said that Trump Hotels now has to look for new investors, or restructure its debt and its relationship with bondholders without the help of a third party, or sell itself to a rival.

Indeed, during the last week, a possible sale of Mr. Trump's flagship casino, the Trump Taj Mahal Hotel Casino and Resort in Atlantic City, was considered but never pursued.

Mr. Trump, who is the chief executive and owns about 56 percent of the company, confirmed yesterday in an interview that talks about a possible sale of the Taj Mahal had taken place.

"Some people were looking at it but it was of no interest to us," he said.

Mr. Trump said that he expected a quick resolution of the financing problem for Trump Hotels.

"I'm very energized about the future of the company," he said. "I believe that our lenders are very excited about it, and I look forward to doing something in the not too distant future. I may be talking to you about it next week."

A Credit Suisse spokeswoman said yesterday that the firm was "disappointed we will not be partnering with Trump Hotels and Casino Resorts as we had planned."

Although Mr. Trump said that he would consider taking his company private, a move that would invite close scrutiny from securities regulators, some analysts said that was not a realistic option.

Jane Padreira, an analyst at [Lehman Brothers](#), said the possibility of taking the company private was "Donaldspeak."

She said one option for Mr. Trump was to put part of his casino company, the part that included the Taj Mahal and had a \$73.1 million debt payment due in November, into a bankruptcy proceeding.

Ms. Padreira said: "He can save face now, saying, 'It wasn't my fault; I had someone to buy the company, the bondholders were unreasonable and wouldn't allow it to happen.' "

Restructuring talks began in earnest earlier this year and gained momentum after Trump Hotels announced in August that it would file for bankruptcy protection as part of a reorganization with Credit Suisse and seek concessions from its bondholders. Those involved in the talks said that the bondholders were largely, but not entirely, unified, a situation that ultimately helped make restructuring negotiations untenable.

Mr. Trump did not lead the talks with Credit Suisse for Trump Hotels. That task fell to Scott Butera, executive vice president of Trump Hotels, who, along with Credit Suisse bankers, spent most of the time negotiating with the casino company's bondholders.

"It's always a tough thing to pull together, all these constituencies," said a Trump Hotels' bondholder with direct knowledge of the negotiations. "We still have our properties. It could be back to Square 1 or it could be that they will approach us again."

The overall stock valuation of Trump Hotels is \$14 million, with slightly more than half of the company owned by Mr. Trump. Given the company's financial prospects and its unwieldy structure, some analysts say outsiders may be hesitant to become involved.

"Trump Hotels is a very risky proposition because they're midlevel casinos in a market with far more upscale casinos that have more money and better management," Mr. Drebsky, the bankruptcy lawyer, said.

"Trump's casinos haven't made any money since 1995 during a time when the casino business was very good. There's got to be a reason for that and it's not going to go away. The management hasn't been particularly sparkling."

Whatever the outcome of Mr. Trump's current travails, some people who follow the industry say the next few weeks offer the prospect of first-rate theatrics.

"We should have 'The Bondholder Restructuring Show' - forget 'The Apprentice,' " said Barbara Cappaert, a financial analyst with KDP Investment Advisors.

"We should have the restructuring negotiations live on television."

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