

Casinos face lawsuit from Prestige Travel

By Steve Green, Las Vegas Sun

Bankrupt firm Prestige Travel Inc. of Las Vegas has now filed 33 lawsuits against hotels and casino companies as it tries to hold on to its cash.

Saying the slow economy and the trend of resorts booking their own rooms online has hurt its results, the company filed for Chapter 11 bankruptcy reorganization and protection on Tuesday as it shuttered its online component, a business called TripRes.com. About 90 employees were laid off, leaving about 80 workers mostly involved with Prestige's traditional bricks and mortar travel agency.

To preserve its cash, the company is suing casinos and hotels in bankruptcy court to demand limits on draws against letters of credit and to require them to honor customer reservations booked by TripRes.

The court intervention is needed in the coming weeks, Prestige says, because after Tuesday's bankruptcy filing, several of Prestige's "various hotel and show partners indicated that they would not honor future hotel and show bookings previously reserved" by Prestige.

Prestige customers typically book packages with an average value of \$324, the company says.

This amounts to an average of \$49,000 per day in Prestige-booked business for Nevada hotels and show operators, most of them in Las Vegas.

During a hearing Friday, U.S. Bankruptcy Judge Bruce Markell approved plans for the company to continue operating in the

short term with existing financial resources while attorneys for Prestige gear up to litigate what appear to be serious financial disputes with creditors including City National Bank and MGM Resorts International.

Court papers show that when Prestige Travel fell behind on financial obligations to its largest creditor MGM Resorts International, Prestige began negotiations with MGM Resorts but Prestige "felt it was unable to work out a mutually agreeable solution without significantly impacting the feasibility" of Prestige's operations.

That led to the bankruptcy filing and a Prestige lawsuit against MGM Resorts demanding restrictions on MGM Resorts' ability to draw against a \$2.5 million letter of credit.

Samuel Schwartz, one of the Prestige attorneys, told Markell on Friday that because of Prestige Travel's financial troubles, one of the MGM Resorts properties, the Luxor, declined earlier in the day to honor the terms of a reservation booked through Prestige for a family of seven from Australia. After the hearing, Schwartz and Prestige officials said they didn't know whether the family ended up obtaining accommodations.

Gordon Absher, vice president of public affairs at MGM Resorts International, said the company is working to assist travelers "falling victim to this unfortunate situation."

"TripRes booked reservations for travelers, but after filing for bankruptcy cannot provide information or assurance of payment for those reservations," Absher said. "No guests are being turned away from any of our hotels. Reservations are not being cancelled."

"We are holding rooms for TripRes reservations, but are asking travelers for payment by credit card while TripRes works through this matter," he said. "To further assist these travelers, we are honoring reservations at the rate they were

booked.”

Besides suing City National Bank and MGM Resorts International, Prestige has sued 32 more hotel and casino companies: Caesars Entertainment Corp., Treasure Island, the Stratosphere and its sister properties the two Arizona Charlie's and the Aquarius in Laughlin; the Silver Legacy in Reno, the Venetian, Wynn Las Vegas, Trump Tower, the South Point, the M Resort, the Tropicana, the Golden Nugget, the Four Queens, the Gold Coast and its sister properties the Orleans, the California and the Fremont; the Hard Rock, the LVH, the Palms, Palms Place, Hooters, Circus Circus Reno, the Grand Sierra in Reno, the Riviera, the D, Don Laughlin's Riverside Resort, the Tropicana Express in Laughlin, the Tuscany and the Sands Regent in Reno.