

Judge appoints examiner in bankruptcy of Caesars division

By Michael Tarm and Kimberly Pierceall, AP

CHICAGO – A former Watergate prosecutor who was later involved in efforts to secure the release of Americans during the Iran hostage crisis while assistant secretary of the Treasury is now investigating business deals made by Caesars Entertainment Corp. before the casino giant's debt-heavy operations division filed for bankruptcy in January.

On Wednesday, a bankruptcy judge in Chicago appointed 68-year-old Richard J. Davis to be the independent examiner in the case to look into disputed business transfers that some creditors say robbed the division of valuable assets and left them without a guarantee on their investments.

As Davis stepped up to a podium Wednesday inside the courtroom, Judge A. Benjamin Goldgar jokingly alluded to the complexity of the case.

"You game for this?" a smiling Goldgar asked him.

When Davis nodded, the judge said, "You're in!"

There was no opposition to Davis' appointment, a rarity in a case fraught with ongoing disputes between the company and some of its creditors.

Caesars Entertainment Operating Co. has some \$18 billion in debt, the result of a \$30 billion buyout in 2008 that involved mostly borrowed money, and tens of thousands of employees scattered around some 38 hotels and casinos. Company officials hope a plan negotiated with its largest creditors will allow it to shed some \$10 billion of debt.

Caesars is the parent company of Harrah's Lake Tahoe and Harveys in Stateline.

Based on an earlier ruling approving, generally, the appointment of an examiner, there doesn't appear to be a limit to costs attached to the investigation. Davis must file reports to the court every 45 days.

The scope of Davis' role includes looking into, "any apparent self-dealing or conflicts of interest involving" Caesars Entertainment Operating Co. and its affiliates.

Davis said he plans to charge \$850 an hour, a \$100 discount of his normal rate, according to a court filing supporting his appointment.

Davis, a New York-based attorney, was also involved in the high-profile bankruptcy cases for Enron and Lehman Brothers.