

A private equity gamble involving Caesars gone wrong

By William D. Cohan, Fortune

There have been so many truly extraordinary twists and turns in the saga of Caesars Entertainment over the past eight years that it's hard to pinpoint exactly when the whole thing went off the rails. After all, an \$18.4 billion bankruptcy filing at one of the biggest gambling empires in Las Vegas tends to result in a lot of finger-pointing. But for symbolism alone, nothing can beat the evening of Nov. 17, 2012.

That was the night that David Bonderman, the billionaire founder of private equity firm TPG Capital, threw himself a 70th birthday party. It made sense for Bonderman to have it in Vegas. He and his wife had planned a lavish celebration with 1,000 of their closest friends. Actor and comedian Robin Williams would serve as the emcee, with music legends Paul McCartney and John Fogerty rocking out. Bonderman had also agreed to make a \$1,000 donation in the name of each guest to the charity of his or her choice, and every attendee would receive an iPod filled with the private equity mogul's favorite tunes. It was the kind of event for which top-tier casinos are made.

And Bonderman just happened to be part owner of one. In 2008, TPG had joined with Apollo Global Management, the buyout firm led by former Drexel Burnham Lambert banker Leon Black, to take Caesars private. Four years later, Caesars was straining under its heavy debt load, and the two private equity shops stood to lose the bulk of their \$6 billion equity investment. By having his gala at Caesars Palace, the company's crown jewel, Bonderman could have made a high-profile show of support.

Instead, Bonderman took his celebration to the Wynn Resort, Caesars' biggest Vegas rival.

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