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Picking Up The Pieces

Decimated by Hurricanes Katrina and Rita, the Gulf Coast gaming market begins the arduous tasks of healing and rebuilding

THE STORM • THE SURVIVORS • THE RECOVERY EFFORT • THE FUTURE

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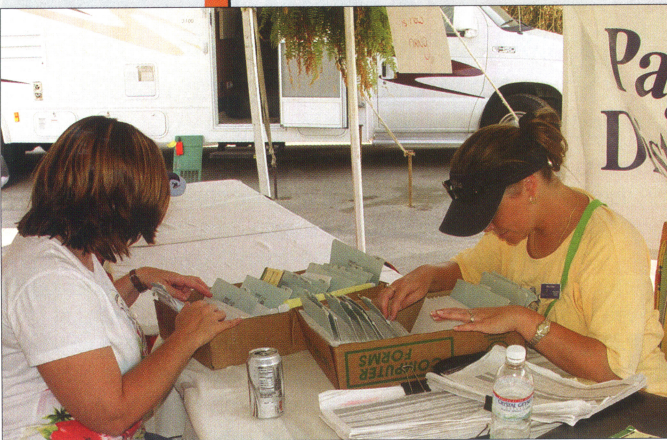
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GAMING INDUSTRY
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LORI BETH SUSMAN, MISSISSIPPI GAMING NEWS



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Immediately following the destruction and loss of life Hurricane Katrina brought to the Gulf Coast, casinos, like the Beau Rivage (left) and Harrah's properties (right) set up employee assistance centers.

Resiliency in tragedy

Faced with enormous hardships, casino industry employees braved the storm and the aftermath it left behind

BY MATT CONNOR & ANDY HOLTMANN

It was just an apple. A little red apple.

But it may just have saved one poor, desperate woman's life.

She had come to the Red Cross Shelter at the Paragon Casino Resort in Marksville, La., after having lost literally anything that mattered to her during Hurricane Katrina. Donna Ledet, a security administrator at the property and the manager of the newly-established Red Cross shelter there, encountered the woman, showed her a little compassion and convinced her to have a bit to eat.

"She was very, very depressed," Ledet said. "She had lost a loved one, she had lost everything. She was not doing well at all. After talking with her for about thirty minutes, we finally got her to eat a little something. She hadn't eaten in about a week. So we finally got her to eat an apple. She cried. We cried. There were a lot of tears shed. We got her to go to the hospital and get some medications and some necessary help, but she came back the next day and went up to me and hugged me and said, 'I want to thank you very, very much for giving me a reason to live.' That was a very emotional time for me."

There are hundreds of stories—painful, poignant, deeply tragic—that came out of New Orleans and the Gulf Coast in the wake of Hurricanes Katrina and Rita, which devastated countless lives when they swept through the American South in September.

As one of the largest employers in the region, the casino industry suffered catastrophic losses and scores of casino employees found themselves homeless, unemployed or worse. Still others, like Ledet, volunteered their time, talents and money to try to ease the widespread suffering in the region.

Survivor's tale

The storm did not recognize title, position or economic class. It hurt all equally.

Bruce Nourse, the director of public affairs at MGM Mirage-owned Beau Rivage in Biloxi, was living in a 108-year old beachfront home in that Mississippi Gulf Coast town when the storm hit.

"I stayed in the house with my wife and two children, which turned out to be the biggest mistake of my life," Nourse said. "I grew up in Biloxi and have lived in this particular house for 12 years. I sat through a lot of storms and because the house had been there 108 years and because the flood waters of Camille [in 1969] didn't come anywhere near the structure, I felt safe in the house and so did my family. So we stayed in the house."

Nourse said he simply could not conceive of the flood waters damaging his family home, and had never before evacuated during the tremendous windstorms and floods that occasionally slam the region.

"One hundred and eight years ago, they built the house on the highest piece of property they could find, so this is one of the highest pieces of beachfront property in Biloxi," Nourse said. "But when the water got to our front steps, our plan was to exit out of the back of the house. I have a guest house about eighty yards back, and a little higher than the beach house. So when the water got to my first front step, I said, 'That's it. Let's go.'"

"We sat back there and continued to watch the water rise and destroy the front house. Then we watched the water continue to rise. I had parked our three cars in the back yard, which is what I've always done, because there's

an area there that has no overhanging limbs. Those three cars began floating toward the back house, where we were. When the water, along with the cars and all of the debris, got to the first step in the front of the back house, the surge finally ended and eventually the water went out."

The guest house was saved in the nick of time, and Nourse was spared the ordeal of traversing, through hurricane winds and rain, to higher ground.

"Sitting in the back house, watching the front house disintegrate, was one of the most tragic things that I've ever been through in my life, and I hope to never go through it again," he said.

Underestimating the storm

Like Nourse, Beverly Martin, the executive director of the Mississippi Casino Operators Association, believed that because she was able to endure Camille, she and her family could stick it out in the Gulf Coast area through Katrina. She was wrong.

"The reason I stayed here was because I, like most everybody else that was here when Hurricane Camille hit, used it as a benchmark. The water didn't get in the house during Camille. This area didn't flood during Camille. People based their decisions on whether to stay or leave on what kind of damage they got during Hurricane Camille.

"But we were wrong. We were just dead wrong."

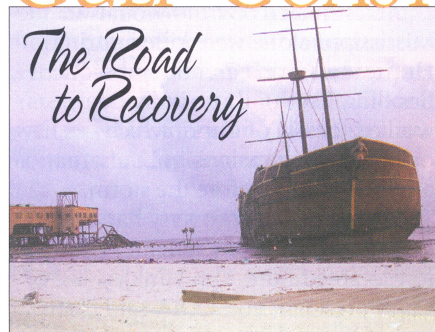
She said that once the Katrina flood waters reached 12 feet, she began seeing two-foot waves crashing through the living room of her home.

"That's when the reality hit that this was not Camille. This was going to be a lot worse than Camille."

She and her family climbed the second floor of her home, and still the water continued to rise. They started making plans to move on to the attic.

"Well about the time we got the attic stairs down and were getting ready to get in, the wind switched. See, we kept waiting on the eye. In Camille, the eye of the storm came and we had about 45 minutes of calm. Well, we just stayed in the eye wall here in Gulfport-Biloxi area. We never got that sense of calm. So we had no clue and kept thinking it's bound to be over...and what happened was the wind switched. As you know they came out of the north in the beginning and out the south at the end. Thank God it started pushing the water back down. I never

THE GULF COAST



knew a refrigerator could float. It does."

The roof of Martin's home was torn off in the storm, and her office, she said, "is just a slab. It's gone. It's about a half a block from the highway. And it's just gone."

One big family

Much of the infrastructure of the Gulf Coast region is also gone, and dealing with the sudden destruction of an entire community, an entire industry, has been achingly difficult to deal with for many in the region.

"Waking up that morning and seeing the devastation was just devastating to any Mississippian," said Larry Gregory, executive director of the Mississippi Gaming Commission.

"That's the word that comes to mind. I know a lot of folks use that term, but to people on the Gulf Coast and in the casino industry, people like me, it was personal. I flew over the devastation the morning in a helicopter with emergency officials and to see these casino

barges on Highway 90 and some of them north of Highway 90—you know some of these casinos are as large as cruise ships and when you look down and see several of the casinos...

"I broke ground on most of the casinos on the coast and I remember the people coming to my office with the blueprints and a year later we'd take shovels on the beach, breaking ground. Most of them had the ribbon cutting ceremony that I participated in. So with all of the people involved, that's why I thought it was personal. It affected all of the people who worked down there, not just casinos, not just business, not just brick and mortar spread across Highway 90. It was personal to everyone."

Gregory pointed out that, with 16,000-17,000 direct casino jobs in the Gulf Coast region, almost everyone who lived in the area either worked for the gaming industry or knew people who did.

"All that said, I think it was more of a personal thing," he said. "Just like seeing all of the hardships, people walking around not only losing their homes but losing their jobs. These people are around and wanting answers. Where is the industry going? When am I going to get a paycheck? Am I going to get a paycheck? That's hard to address one or two days after a catastrophic event such as this.

"As far as the first few days, just seeing all of the debris strewn for miles and specifically the casino barges was just heartbreaking," he continued.

"With all of the hard work that so many people put into making this >>



Employees of the Imperial Palace provided food for their fellow co-workers and residents in need.

LORI BETH SUSMAN, MISSISSIPPI GAMING NEWS

industry a success, not only a success here in Mississippi, but if you go around to all these gaming conferences from Las Vegas to New York and Canada, you'll see that Mississippi will be on the tongues of all regulators and all the people in the industry. We're a large industry down here now. We've really felt proud of what the gaming industry has done for this state."

Human toll

Nourse, Martin, Gregory and many

Commercial Casino Jobs

by State, 2004

Nevada	191,620
New Jersey	45,501
Mississippi	28,932
Louisiana	20,048
Indiana	17,377
Missouri	11,200
Iowa	8,799
Illinois	8,628
Colorado	7,703
Michigan	7,572
South Dakota	(2003) 1,830
Total	349,210

Source: American Gaming Association, from State Gaming Regulatory Agencies and State Gaming Associations

Gulf Coast Gaming Employees

Quarterly Survey Information: April 1, 2005 – June 30, 2005

Coastal Region	Number of Employees	Work Permitted
Beau Rivage - Biloxi	2,808	1,314
Boomtown - Biloxi	827	477
Casino Magic - Bay St. Louis	1,049	584
Casino Magic - Biloxi	997	510
Copa Casino - Gulfport	683	406
Grand Casino - Biloxi	2,037	1,312
Grand Casino - Gulfport	1,735	1,059
Hard Rock - Biloxi	1,500	n/a
Imperial Palace	480	595
Isle of Capri - Biloxi	867	627
President/Silver Slipper - Biloxi	658	441
The New Palace - Biloxi	934	520
Treasure Bay - Biloxi	876	603
Region Totals	13,951	8,448

Source: Mississippi Gaming Commission/Mississippi State Tax Commission

others lost a great deal of personal property, but even they would probably admit that, in the end, they were extraordinarily lucky.

An estimated 337 individuals in Mississippi alone were killed during Hurricane Katrina and the subsequent flooding. Two of those individuals worked for Isle of Capri, which operated seven casinos in Louisiana and Mississippi before the storm. Today Isle's Biloxi property has been closed and will likely remain so for the foreseeable future. Tim Hinkley, Isle of Capri president and COO, said that one of his company's fatalities was killed in Biloxi.

"She was going to do some work at the new Biloxi hotel," he said. "She worked for us in Bossier City, La., and happened to be with some family who lived in Biloxi. She was killed during the storm. And we had an employee from Vicksburg who was killed when a tree fell on her. Those were the two known casualties."

Beyond those two fatalities, Hinkley said, there are now 125 Isle employees who are homeless as a result of the storm, and several were lucky to have come out of the ordeal alive.

"There were a lot that almost died," Hinkley said. "Several were just awestruck by how fast the water came up. They didn't have time to react and a lot of them climbed up into their

attics. One guy was up to his neck in water and was getting ready to do what he had to do to bash through the roof to get outside when the water finally receded.

"I heard numerous stories," he continued. "People up on roofs had their roofs collapse in underneath them, one ended up spending three or four hours up in a tree waiting for the water to go down."

Martin saw the death and destruction in Gulfport first hand when she finally was able to leave her home and begin walking around the area.

"At one point

when we were walking we came upon a leg that wasn't attached to anything," she said. "There was no foot, it wasn't attached to any torso, but it was obviously somebody's leg. It freaked us out but we were so focused on a mission of trying to find food that you look at it—and the dead animals everywhere—you know what it is but you try not to let it get to you.

"It sounds horrible, but you have to try not to think about what you're looking at. There are these 15 foot piles of rubble everywhere and you're just climbing over rubble and it's just horrible because it's 100 degrees here. So even as soon as within the next 24 hours the decay and the stench was just unbelievable."

Helping hands

To help their employees put their lives back together, Isle of Capri and other gaming companies set up various relief programs.

"Our insurance covered up to 90 days pay for hourly employees and up to nine months for salaried employees," Hinkley said. "We put together a relief fund that has, to date, paid out in excess of \$900,000 to bridge the gap between FEMA, Red Cross, insurance payments, those necessary payments that employees were hoping to receive based on the storm's damage.

"We also supplied people with as good real estate information as is out there. It's a little tough when you've lost so many homes, but we've enlisted the help of a real estate firm, we enlisted the help of a counseling firm to counsel staff members who needed help. And we're just doing whatever we can to find housing for people. We've also got an insurance adjustor that's been working with staff members to give them some guidance and counseling on managing their claims."

Like Isle of Capri, the Beau Rivage is also paying all of its employees for 90 days plus vacation time earned. The company is also waiving all of the co-pays as well as employee contributions and out-of-network claims for doctors and prescriptions. Also, the employees have access to company representatives who can inform them about the procedures for making an emergency 401K withdrawal.

The day after the storm, the Beau Rivage opened a recovery center, and over the next several weeks more various elements of disaster relief were incorporated into the recovery center until,

Nourse said, they were fully engaged and operational by mid-September.

"In that recovery center are three main parts. It's basically a one-stop for all of our employees' emergency needs," Nourse said. "We have a job opportunity center where they can go and we match all employees with positions at any of our other 23 MGM Mirage properties. So we have approxi-

mately 1,500 positions open at those 23 properties that we're trying to fill with Beau Rivage employees. We're also hiring those employees ourselves for our own recovery and cleanup. We're hoping to hire about 150 for that. We're placing our employees with Yates, our contractor for the rebuild as well as with other companies that have contacted us seeking employees."

Nourse said the company brought about twelve working computers to the recovery center so that Beau Rivage employees could access, over the Internet, FEMA applications and Red Cross applications and applications for the MGM Mirage worker-funded employee fund, the Voice Foundation. That foundation was started by the company with a \$1 million donation, >>

Working solutions

Gaming companies throughout the South and across the nation are contributing money and jobs to casino employees displaced by Hurricane Katrina

In the upcoming months, there will no doubt be numerous announcements from Gulf Coast-area casinos about the steps they will take to rebuild their properties and re-establish their market niches. But for the immediate moment, these properties' displaced employees and customers remain the bigger focus and concern.

Groups like the American Gaming Association, with its Gaming Industry Katrina Relief Fund, the Gulf Coast Community Foundation and the Mississippi GulfCoast Convention and Visitors Bureau, with its Bring Back Our Coast campaign, have spearheaded the effort to raise funds to help casino workers in Mississippi and New Orleans. (For more information on both these programs, see story on page 6.)

In the mean time, corporate casino companies with properties in the disaster area—like Harrah's, MGM Mirage, Isle of Capri, Penn National Gaming and Pinnacle Entertainment—as well as privately-owned casinos have conducted their own employee relief efforts as well.

Harrah's, for instance, opened its Gulf Coast Region Assistance Center in Gulfport, Miss., which is providing on-site health care services, assistance with compensation and benefits for its workers, information on shelters and other relief aid, and job opportunities. The company has opened additional centers in Mississippi and Louisiana.

MGM Mirage's Beau Rivage also opened its Job Placement Center to help displaced employees find work at its Gold Strike resort in Tunica, Miss. or other MGM Mirage properties nationally. That center is also providing other assistance and compensation programs as well.

Penn National has announced similar efforts and has established its Penn National Gaming Relief Fund. The company is also giving jobs to its employees interested in aiding the clean-up and construction crews at its Casino Magic Bay St. Louis and Boomtown Biloxi properties.

Here's a snapshot of what other casinos or casino companies are doing:

- The privately-owned Palace Casino set up a temporary base of operations for payroll and administration in Suite H-2 of the Gulf Coast Lending Building at 2113 Government St. in Ocean Springs, Miss. The casino is currently working on its employee hurricane benefits plan.

- The Imperial Palace, on Biloxi's back bay, is utilizing employees for cleanup work and other duties at the property. The Federal Emergency Management Agency has rented its hotel. The casino's owner hopes to reopen in three to four months.

- Casino Magic Biloxi, owned by Pinnacle Entertainment, opened an employee assistance center at 6616 North Washington Ave. in Ocean Springs, Miss.

- Isle of Capri Casinos, which is headquartered in Biloxi, reopened

its corporate headquarters. The company started its own Isle of Capri Relief Fund for employees. Hourly employees will receive pay for 90 days, while salaried employees will receive full pay and benefits for nine months.

- Officials with the Silver Slipper Casino said all payroll information was lost in the storm and the company is still assessing damage and how long to pay employees for.

- The Treasure Bay Casino, is in the process of suing its insurer, and had no business interruption insurance. It is unable to extend pay or benefits, said Susan Varnes, the casino's vice president of operations. However, the casino is trying to find jobs for its workers with other employers, including a sister casino in St. Croix.

- The Copa Casino sent termination letters to all of its employees. Rick Carter, one of the Copa's owners, told the *Biloxi Sun-Herald* the stand-alone casino did not have the cash flow to provide severance pay.

- The Hard Rock Hotel & Casino's property's operators, Premier Entertainment, believe they are insured enough to be able to rebuild. The company said it was committed to paying salaries for 90 days, though much of the property's paperwork was lost in the storm.

Despite efforts to assist gaming employees, industry officials admit they will be hard-pressed to find work for everyone.

"There are 16,000 gaming employees down there. There are going to be some that are going to be out of work," said Larry Gregory, executive director of the Mississippi Gaming Commission. "The best thing that we're trying to do is to talk to all of the casinos down there and get them to hire their employees or other employees. I've spoken to my Vicksburg properties, my Tunica properties, saying if you need any help up there... It's going to get a little busy up in Vicksburg and Tunica because of this."

Fortunately, many casino companies—even those without presence in the South—have offered Mississippi and Louisiana casino employees jobs in other gaming jurisdictions as far away as Las Vegas, Reno and Atlantic City.

"I've never seen so many out of state casinos wanting our employees," Gregory said. "They're trained and licensed and have knowledge of the industry, so they're being recruited throughout the country, from Washington to Las Vegas; from New Jersey to Illinois. So there are varying opportunities for these people."

But once gone, will these employees return as temporaries, and eventually replacement casinos, open over the next few years?

"I see no problem of getting casino employees back," Gregory said. "If we have 50 percent of our casino employees leave during this period of rebuilding, I would say 45 percent of them would return. Talk to any of the employees down there. One of the reasons they like living there is they do like their job and the casino industry, but ask them where they live. The beautiful weather, the water, the culture and the history—it's just a great place to not only work but to live and raise a family. So, to get the industry back up and running, the least of our worries is getting employees back."

—Paul Doocey & Andy Holtmann



LORI BETH SUSMAN, MISSISSIPPI GAMING NEWS

Items like water and clothing, offered here at this Beau Rivage tent, became precious commodities after Katrina.

and each of the 70,000 MGM Mirage employees can contribute to the foundation, with their contributions matched, dollar-for-dollar, by the company.

Ledet said that Paragon also set up computer work stations for employees and locals who were desperate for word from missing loved ones.

"During the course of Katrina we had not only a shelter going on, but we were also an information point for people all over the Parish," she said. "Once word got out, they all came. We had people here at each computer helping people register for FEMA (aid), apply for unemployment, search for their loved ones, anything they could do online."

"There was one couple who would come in every day and check to see if we had found something out," Ledet said. "The woman was very, very upset because her parents were not able to get out and she just thought they had been lost. Three days later she came back and she ran up to us and gave us a hug—there was a lot of hugging going on that week—and said that thanks to our searches, her parents were found. They were okay and they had been rescued."

Nourse added that Beau Rivage "literally, emptied all of our inventories in our warehouse and on the property itself into the hotel tower and giving to our employees the linens, towels, food, water, clothing that was stored in there. Anything and everything we have in our warehouse and the property we are giving to our employees, free of charge, obviously, for their immediate relief."

Rob Stillwell, spokesman for Boyd Gaming, which operates the Treasure Chest riverboat casino in Kenner, La.

on Lake Pontchartrain near New Orleans and the Delta Downs racino in Lake Charles, La., said his company has established hurricane relief funds "for both sets of our employees and have been actively seeking contributions to both of those funds. We've had a number of different benefit concerts. Some of our entertainers at some of our properties, immediately following Katrina had donated their entertainment fees to the effort. Even as far away as Michigan City, Ind., we had a donation drive with regard to the necessities. Things like socks and t-shirts filled an 18-wheeler."

Shelter from the storm

The Paragon Casino Resort, located in central Louisiana, was impacted by Katrina to a lesser degree than the Gulf Coast and New Orleans casino properties. Subsequently Paragon was able to provide high ground for evacuees of Katrina. When Rita hit just a few weeks later, Paragon found itself directly in the path of the hurricane. Luckily Rita was a far weaker storm than Katrina.

Paragon also opened a housing area for employees displaced by the hurricanes.

"We went in the warehouse and got boxes of promotional t-shirts and gave them to the employees so at least they could have a change of clothing," she said. "We allowed the employees and family members who were displaced to stay at the property, because we certainly didn't want to jeopardize their lives or the lives of their family members because they were driving back and forth to work in those conditions."

As of late September, Bordelon said, there were still 112 Hurricane Katrina evacuees living at the Paragon hotel.

"So our business continues to function but a great number of our guests are evacuees, not our normal clientele," Bordelon said. "We closed down our cabaret lounge and used it as a shelter for Rita. We had to close two of our restaurants because we were so short staffed. And we had to close our golf course as well. We are fully staffed now, but the people from New Orleans, the guests, will stay for as long as they have to. It's heart-breaking. I saw people sleeping in the hallways outside of our restaurants. It made me cry. No pillow. No sheets. Just sleeping on the carpet with their hands as pillows. It was so sad."

Remarkably, some of the Katrina evacuees have become, in the last few weeks, an integral part of the day-to-day culture at Paragon.

Ledet recounted the story of a young family that had been stranded on the roof of their home in New Orleans for five days before help arrived.

"They finally got rescued and they got a hotel room here," she said. "The two children were sick and we ended up taking care of them. When the Rita evacuation came around, the mother came down from her hotel room and said, 'You helped us out so much I want to be here to help you out through this one.' She was an evacuee herself but she wanted to help out because she had been helped so much. She helped serve food, get blankets and make people comfortable."

Another Katrina evacuee became Paragon's new general manager.

"We actually hired some of the evacuees from Katrina," Bordelon said. "We have a new GM on board, Jeff Favre. Jeff is actually an evacuee from Biloxi. He and his family were floated in during Katrina."

"A lot of the evacuees from Katrina were trained in the gaming areas on the Gulf Coast and New Orleans. We hired some people in environmental services and other areas."

Many estimate that it could take three to five years for the Gulf Coast and New Orleans gaming industry to recover completely from the hurricane disaster, but the return to normalcy can't come too soon for most of the unfortunates who found themselves in Katrina's path.

"These people are tired," Bordelon said with a weary sigh. "They want to resume some kind of normal way of life." **CJ**