

The Deal

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Wynn Gets Back to the Gambling Table

by Jonathan Berke Posted 06:24 EST, 28, Apr 2000

Having revived Las Vegas' Strip, Stephen A. Wynn will now look to work his magic on one of its remaining financial eyesores, after buying the Desert Inn from Starwood Hotels & Resorts Worldwide Inc. with his wife, Elaine, for \$270 million in cash.

Friday's purchase, made just two months after Wynn sold Mirage Resorts Inc. to Kirk Kerkorian's MGM Grand Inc. for \$6.4 billion, gives him a property where reclusive Howard Hughes once lived but which has fallen on hard times.

"All Wynn does is build and create 'Wow!' experiences for people," said Joseph Coccigniglio, an analyst with Prudential Securities Inc. "I would expect him to carry out some redevelopment and do whatever is positive for the market."

The property, which just turned 50 years old, has been something of a plague on Starwood's income statement, generating \$4 million in losses for fiscal 1998. Starwood didn't even include the Desert Inn on its fiscal 1999 financials because of expectations about selling it.

The Wynns are the third group to bid for the property. Starwood had to nix a \$275 million deal to sell the property in early March to Sun International Hotels Ltd. Later, Italian multimillionaire Fabrizio Boccardi's \$200 million for the hotel was turned away by Starwood.

"Though we received several attractive offers for the Desert Inn, the speed and certainty of this transaction made it the most attractive to shareholders," said Barry S. Sternlicht, Starwood's chairman of the board and CEO.

The sale marks Starwood's gaming exit. Last December, it divested of Caesar's World gaming operations, selling to Park Place Entertainment for \$3 billion.

Starwood used Sidley & Austin and the Las Vegas firm of Lionel Sawyer & Collins for its legal counsel. The Wynns were represented by the Las Vegas firm of Schreck Morris. The names of financial advisers weren't available at press time.

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