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Cosmopolitan exec: Las Vegas economy shows signs of recovery

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CARSON CITY – The Nevada Gaming Control Board has approved an application to open the \$3.9 billion Cosmopolitan hotel-casino on the Las Vegas Strip in December.

But Control Board Chairman Dennis Neilander said the company's projections of its business were "very aggressive" He told Cosmopolitan officials, "You suggest a market that is not being served by Las Vegas."

Jeffrey Burge, chief financial officer of the company, said the future income estimates are "dependent on a large pickup in the economy." He said the recovery has begun and the convention business has started to return to Las Vegas.

Neilander questioned whether owner Deutsche Bank was willing to back the resort if the economy continued to be sluggish in 2011. Thomas Fiato of Deutsche Bank said it has \$4 billion invested and "is committed to see the investment through."

Neilander said Deutsche Bank and the officers of the Cosmopolitan have "met their burden" in complying with the gaming regulations of Nevada. He said the success of the marketing plan of the Cosmopolitan will be determined by the economy.

John Unwin, chief executive officer of the hotel-casino, said it is aiming to draw back customers who have been to Las Vegas before and haven't returned.

He said the company would set up branch offices in cities such as Los Angeles, Chicago and New York City. The Cosmopolitan is "not pursuing a worldwide strategy" initially, he told the board.

Jeffrey H. Baer of Deutsche Bank said there were 1,800 contracts for condominiums and 1,597 have been settled. An agreement was reached by returning 74 percent of the deposit money in those cases.

But there are owners of 216 units who are unsatisfied with the out-of-court settlement by Deutsche. In some cases, they want full refunds of their deposits.

Baer said Deutsche Bank is committed to delivering those 216 units, and he said the claims of these dissatisfied owners are "without merit" and the company will "vigorously defend" its case.

The 2,995-room, 50-story resort with 14 restaurants is planning a soft opening Dec. 15 with a grand opening on New Year's weekend. Room rates will start at \$199 a night.

The rooms will range from 400 square feet to 4,000 square feet. Cosmopolitan officials said they expect those renting the luxury suits to have \$500,000 in a bankroll or credit, but no rates have been set for the luxury rooms.

There will be three swimming pools, one of which will be topless. There will be 83 table games and 1,479 slot machines ranging in denominations from 1 cent to \$500.

The resort will hire 5,000 workers with the majority of them in the non-gaming operation. Deutsche Bank became the sole owner when the initial developer defaulted.

The Nevada Gaming Commission must give final approval Oct. 21.

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