

CORPORATE NEWS

Lake Las Vegas Owners Place Resort in Bankruptcy

Failure is the Latest In String Plaguing Projects in the West

BY PATRICK FITZGERALD

The owners of Lake Las Vegas—a resort community that boasts three golf courses, two luxury hotels and a 320-acre man-made lake in the desert outside Las Vegas—placed the project in bankruptcy proceedings, the latest in a string of failures plaguing upscale developments in the West.

Combined, three developments owe Credit Suisse-led lenders more than \$1 billion.

The development is owned by a unit of Las Vegas-based **Atalon Group**, which specializes in turning around financially troubled companies. On Thursday Atalon put the development, Lake at Las Vegas Joint Venture LLC, and 14 affiliates into Chapter 11 protection

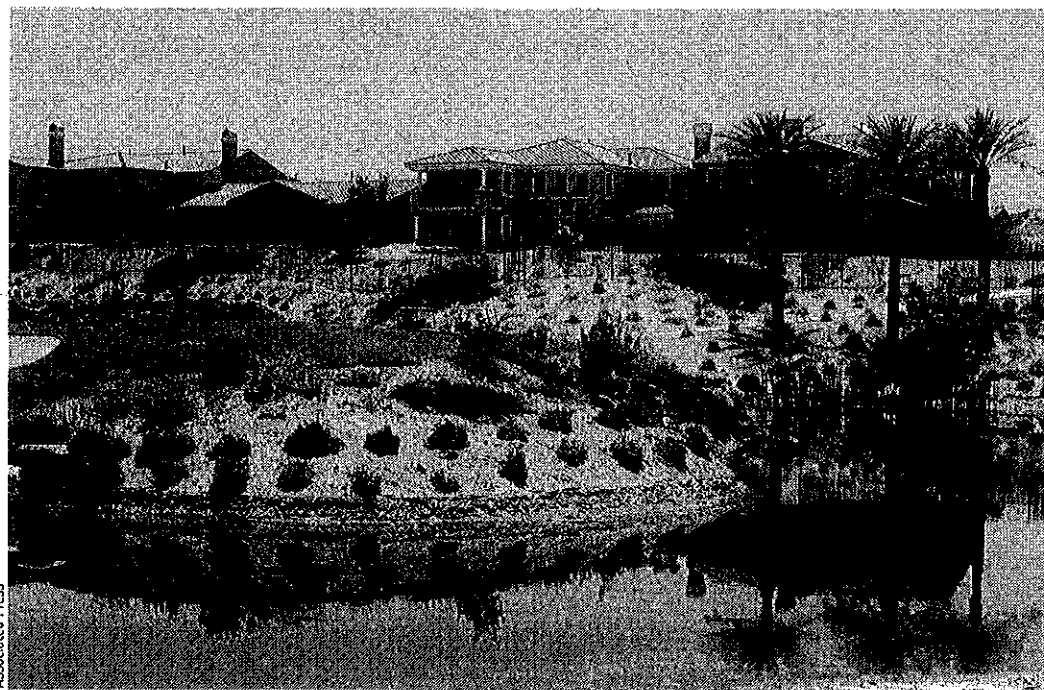
in U.S. Bankruptcy Court in Las Vegas, weighed down by a combination of more than \$800 million in debt, the housing downturn and lack of cash brought on by the global credit crunch.

The bankruptcy filing was the result of “too much debt and our inability to pay it down combined with the threat of litigation, no liquidity and a very difficult real-estate market,” said Atalon Chief Executive Frederick Chin.

In addition to its immediate cash needs, the project, located about 20 miles from the Las Vegas Strip in Henderson, Nev., is facing potential lawsuits from homebuilders. Various lenders to the development’s three golf courses—two designed by Jack Nicklaus and one by Tom Weiskopf—are also attempting to foreclose on the properties.

Mr. Chin said the bankruptcy filing will allow the company to implement a revised business plan that will focus on appealing to full-time residents and not just upscale second-home buyers attracted by the underutilized golf courses. The project is valued at less than the \$670 million owed to the lending group led by **Credit Suisse**.

Developers broke ground on the massive 3,600-acre project about 15 years ago. The plans



Luxury homes located at **Lake Las Vegas** in Henderson, Nev. The development has entered bankruptcy proceedings.

call for 9,000 homes, about 1,600 of which have been built. The development, which encompasses 29 neighborhoods, includes Mediterranean-style villas and multimillion-dollar estates.

Atalon acquired Lake Las Vegas earlier this year after its original developer, **Transcontinental Corp.**, defaulted on a

\$540 million loan provided by a group of lenders led by **Credit Suisse**. The investment bank is providing the development with a \$127 million bankruptcy loan to keep the development’s facilities, including the golf courses, running as it works to restructure its business.

In addition to **Transcontinental**, a company owned by

Las Vegas developer **Ron Boedeker**, other former shareholders in the project included billionaire Texas investors **Sid and Lee Bass**.

In 2004, the former shareholders took \$470 million out of the company. According to court papers, Atalon intends to look into the events surrounding the payment to shareholders

and other insider transactions that left the project undercapitalized and ill equipped to survive a housing downturn.

The downturn in housing and the resulting credit crunch have caused several high-end Western resorts—featuring multimillion-dollar homes and championship golf courses—to run aground in recent months.

The stress was evident at Lake Las Vegas, where in April one of the resort’s hotels, the **Ritz-Carlton** in Lake Las Vegas, filed for Chapter 11 to stop foreclosure of the \$103 million mortgage.

For **Credit Suisse**, the Lake Las Vegas bankruptcy marks the third time this year it has found itself in bankruptcy court after an upscale Western resort couldn’t pay debts.

The investment bank is also sparring with the developers of **Promontory Ranch**, an upscale development near the Utah ski area of Park City, and Idaho’s **Tamarack Resort LLC**, located about 90 miles north of Boise, Idaho. Combined, the three developments owe **Credit Suisse**-led lenders more than \$1 billion, according to bankruptcy-court filings. **Credit Suisse** wasn’t available for comment.

Russia to Pick Energy Firms

Associated Press

MOSCOW—Russian President Dmitry Medvedev signed a

auctions or tenders, the president said.

“The continental shelf is our

Wipro Posts 25% Rise in Profit, Forecasts Weaker Revenue

BY ROMIT GUHA
AND RUMMAN AHMED

BANGALORE, India—Wipro

“In the backdrop of significant economic uncertainty, our financial-services and retail businesses demonstrated their resili-

The New York Stock Exchange-listed company forecast revenue of \$1.09 billion from IT services for the current

other items, such as soaps and precision tools.

Wipro’s operating margin for its IT services was flat at 21%