

## **Revel may be rethinking no-smoking policy as Atlantic City's only smoke-free casino struggles financially**

By DONALD WITTKOWSKI, January 7, 2013

Customers entering Atlantic City's newest casino are greeted by small signs taped to the doors: "This is a smoke-free property. Thank you for not smoking."

But there are indications that Revel is rethinking its nonsmoking policy and may allow customers to light up in a new gambling area that is in the planning stages.

Revel spokeswoman Maureen Siman would not rule out smoking when asked whether it would be permitted on parts of the casino floor in the future. The Wall Street Journal reported that Revel has privately told investors that smoking is under consideration.

"I can't confirm any information on whether or not we are considering smoking," Siman said, declining further comment.

Revel is the only Atlantic City casino that bans smoking. Anti-smoking advocates are alarmed at the possibility that Revel may reverse its policy.

"I think smoking at Revel would be disappointing. I think it would have a negative impact on employees as well as other people who are close to secondhand smoke," said Karen Blumenfeld, executive director of the New Jersey-based Global Advisors on Smokefree Policy.

"Plus, smoking doesn't align itself with the healthful branding Revel has been promoting with its spa and being close to the ocean," she said.

Stephanie Steinberg, chairwoman of Smoke-Free Gaming, a Colorado-based advocacy group, characterized Revel's possible U-turn as "very sad." She argued that Revel will not solve its financial difficulties if it courts smokers.

"Bringing in smokers is not something that will get them out of the red," Steinberg said. "It won't get rid of their debt, I can tell you that."

Revel, a \$2.4 billion luxury megaresort, has struggled with low gambling revenue and millions of dollars in operating losses since its April 2 opening. Month after month, it has languished near the bottom of the pack in gambling revenue among the city's 12 casinos. Through its first six months of operation, Revel posted a combined gross operating loss of \$72 million.

Kevin DeSanctis, Revel's chief executive officer, has repeatedly said it is too early to know whether going smoke-free has helped or hurt business. He has been reluctant to blame the no-smoking policy for Revel's lackluster financial performance.

The smoking debate has been renewed by Revel's announcement on Dec. 27 that it has lined up a new \$150 million financing package to help it pay expenses and build new attractions. The gambling amenities include plans for a high-limit slots lounge.

Siman, declining to discuss whether smoking would be part of the new slots lounge, said more details about the project and other upgrades to Revel will be announced in coming weeks.

However, speculation grows among anti-smoking groups that Revel is preparing to open the doors to smokers. In the past, DeSanctis has said Revel's no-smoking policy has been widely accepted, but analysts have questioned whether the smoke-free policy has scared off customers.

"Asking gamblers not to smoke is like asking expectant fathers not to pace. They go hand in hand," said Wayne Schaffel, a public relations consultant and former Atlantic City casino executive.

Both Steinberg and Blumenfeld said that the overwhelming majority of adults do not smoke. They asserted that Revel risks offending most of its customers if it starts allowing smoking on the casino floor.

"If 85 percent of the market doesn't smoke, it doesn't make sense to open a high-limit gambling area where there is smoking," Blumenfeld said.

In Atlantic City, smoking is permitted on 25 percent of the casino floor. Atlantic City's casinos were exempted from the 2007 New Jersey Smoke-Free Air Act, which bans smoking in most public places in the state. It is an Atlantic City law that restricts smoking to 25 percent of the casino floor.

The city briefly banned all smoking on casino floors in 2008, but reverted to the 25 percent limit after warnings from the casino industry that smokers would flee to rival markets.

Casinos in Atlantic City, Pennsylvania and Connecticut remain smoking holdouts in the Northeast. New casinos in New York, Maryland and Ohio don't allow smoking by state law. Delaware's racetrack casinos also ban smoking.

"The trend has been to go smoke-free," Blumenfeld said of the most recent states to add casino gambling.

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