

RIVIERA HOLDINGS CORP
Form 10-Q
August 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-21430

Riviera Holdings Corporation
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

88-0296885
(I.R.S. Employer Identification No.)

2901 Las Vegas Boulevard South, Las Vegas, Nevada
(Address of principal executive offices)

89109
(Zip Code)

Edgar Filing: RIVIERA HOLDINGS CORP - Form 10-Q

(702) 734-5110

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of August 14, 2013, there were 10 voting common Class A Shares, par value \$.001 per share, outstanding, and 9,039,035 non-voting common Class B Shares, par value \$.001 per share, outstanding.

RIVIERA HOLDINGS CORPORATION

INDEX

	<u>Page</u>
PART I. FINANCIAL INFORMATION	2
Item 1. Financial Statements	2
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosure About Market Risk	23
Item 4. Controls and Procedures	23
PART II. OTHER INFORMATION	24
Item 1. Legal Proceedings	24
Item 1A. Risk Factors	24
Item 3 Defaults Upon Senior Securities	26
Item 5 Other Information	27
Item 6. Exhibits	27
Signature Page	27
Exhibits	28

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited condensed consolidated financial statements of Riviera Holdings Corporation and subsidiaries have been prepared in accordance with the instructions to Form 10-Q, and, therefore, do not include all information and notes necessary for complete financial statements in conformity with U.S. generally accepted accounting principles. The results from the periods indicated are unaudited, but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of operating results.

The results of operations for the periods presented are not necessarily indicative of the results for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2012, included in our Form 10-K.

The unaudited condensed consolidated financial statements of Riviera Holdings Corporation and subsidiaries for prior periods have been restated to reflect the treatment of Riviera Black Hawk, Inc. as a discontinued operation. The sale of Riviera Black Hawk, Inc. closed on April 26, 2012.

RIVIERA HOLDINGS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	June 30, 2013 (unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 27,076	\$ 13,914
Restricted cash	39,110	62,610
Accounts receivable-net of allowances of \$667 and \$2,283, respectively	1,586	1,663
Inventories	491	471
Prepaid expenses and other assets	2,192	2,261
Deferred tax asset	273	273
Total current assets	70,728	81,192
PROPERTY AND EQUIPMENT-net	136,469	138,237
INTANGIBLE ASSETS-net	4,935	5,238
OTHER ASSETS-net	1,703	1,620
TOTAL	\$ 213,835	\$ 226,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 79,643	\$ 76,873
Accounts payable	4,919	5,741
Accrued interest	2,196	1,426
Accrued expenses	7,006	7,251
Total current liabilities	93,764	91,291
LONG-TERM DEFERRED TAX LIABILITIES	22,707	22,707
Total liabilities	116,471	113,998
COMMITMENTS and CONTINGENCIES (Note 11)		
STOCKHOLDERS' EQUITY:		
PREFERRED STOCK - 500,000 shares authorized, none issued and outstanding at June 30, 2013 and December 31, 2012	-	-
COMMON STOCK - Class A Voting (\$0.001 par value; 10 shares authorized, issued and outstanding at June 30, 2013 and December 31, 2012) and Class B Non-Voting (\$0.001 par value; 10,000,001 authorized, 9,039,035 issued and outstanding at June 30, 2013 and December 31, 2012)	9	9
WARRANTS ISSUED	7,657	7,657
ADDITIONAL PAID-IN CAPITAL	149,170	149,170
ACCUMULATED DEFICIT	(59,472)	(44,547)
Total stockholders' equity	97,364	112,289

TOTAL	\$ 213,835	\$ 226,287
-------	------------	------------

The accompanying notes are an integral part of these consolidated financial statements.

RIVIERA HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE LOSS (Unaudited)

(In thousands, except per share amounts)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
REVENUES:				
Casino	\$6,627	\$9,570	\$12,931	\$18,397
Rooms	7,276	9,314	14,094	18,369
Food and beverage	2,552	3,382	4,812	7,168
Entertainment	198	220	376	716
Other	720	867	1,651	1,774
Total revenues	17,373	23,353	33,864	46,424
Less-promotional allowances	(1,659)	(2,343)	(3,264)	(4,554)
Net revenues	15,714	21,010	30,600	41,870
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	4,301	7,287	9,156	13,626
Rooms	4,392	5,642	8,501	10,909
Food and beverage	2,455	2,695	4,423	5,580
Entertainment	196	305	392	904
Other	257	312	493	572
Other operating expenses:				
Other general and administrative	7,206	6,844	13,616	13,708
Depreciation and amortization	1,511	1,961	3,507	3,863
Total costs and expenses	20,318	25,046	40,088	49,162
LOSS FROM OPERATIONS	(4,604)	(4,036)	(9,488)	(7,292)
OTHER (EXPENSE) INCOME:				
Interest income and expense, net	(2,772)	(2,111)	(5,437)	(4,149)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX BENEFIT	(7,376)	(6,147)	(14,925)	(11,441)
Income tax benefit from continuing operations	-	3,665	-	4,122
LOSS FROM CONTINUING OPERATIONS DISCONTINUED OPERATIONS	(7,376)	(2,482)	(14,925)	(7,319)
Income from discontinued operations	-	22,364	-	23,633
Income tax expense	-	(8,058)	-	(8,515)
Income from discontinued operations	-	14,306	-	15,118

Edgar Filing: RIVIERA HOLDINGS CORP - Form 10-Q

NET (LOSS) INCOME	(7,376)	11,824	(14,925)	7,799
Other comprehensive (loss) income	-	-	-	-
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	\$(7,376)	\$11,824	\$(14,925)	\$7,799

NET LOSS PER SHARE DATA:

Basic

Loss from continuing operations	\$(0.82)	\$(0.27)	\$(1.65)	\$(0.81)
Income from discontinued operations	-	1.58	-	1.67
Net (Loss) Income, net	\$(0.82)	\$1.31	\$(1.65)	\$0.86

Diluted

Loss from continuing operations	\$(0.82)	\$(0.27)	\$(1.65)	\$(0.81)
Income from discontinued operations	-	1.58	-	1.67
Net (Loss) Income, net	\$(0.82)	\$1.31	\$(1.65)	\$0.86

Basic-weighted average common shares outstanding	9,039	9,039	9,039	9,039
Diluted-weighted average common and common equivalent shares	9,039	9,039	9,039	9,039

The accompanying notes are an integral part of these consolidated financial statements.

RIVIERA HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

	Six months ended June 30, 2013	Six months ended June 30, 2012
OPERATING ACTIVITIES:		
Net (loss) income	\$(14,925)	\$7,799
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,507	3,863
(Benefit) provision for bad debts	(1,616)	481
Gain on sale of Black Hawk	-	(22,084)
Interest paid	90	56
Interest expense – payment in kind	2,770	1,943
Decrease (increase) in restricted cash	23,500	(63,605)
Changes in operating assets and liabilities:		
Accounts receivable	1,693	(1,812)
Inventories	(20)	17
Prepaid expenses and other assets	(104)	(600)
Accounts payable	(822)	(92)
Accrued interest	770	70
Income taxes payable	-	4,393
Accrued expenses	(245)	(480)
Net cash (used in) provided by operating activities	14,598	(70,051)
INVESTING ACTIVITIES:		
Capital expenditures	(1,436)	(4,123)
Net proceeds from Black Hawk sale	-	70,018
Distribution to stockholders	-	(120)
Net cash (used in) provided by investing activities	(1,436)	65,775

FINANCING A