

Fallout from Wynn harassment claims reaches Macau

Wynn Macau shares hit by fears of impact on unit that produces bulk of group profit



Steve Wynn, chairman and chief executive of Wynn Resorts, speaks after the company's annual general meeting in Macau © AFP

Ben Bland in Hong Kong
6 HOURS AGO

The fallout from the sexual harassment allegations against casino tycoon Steve Wynn has spread to Macau, a crucial cash cow for his eponymous company, after the local gambling regulator said it was “concerned” about the [claims](#) made against him in the US.

Macau, the only part of China where casinos are [legal](#), has been booming. Last year the enclave generated 71 per cent of the adjusted earnings at parent company [Wynn Resorts](#), where Mr Wynn is chairman and chief executive as well as owning nearly 12 per cent of the shares.

Wynn must re-bid for its Macau casino licence in 2022, and worries about the impact of the allegations that Mr Wynn sexually harassed women who worked at his casinos have unnerved investors.

Shares in [Wynn Macau](#), the Hong Kong-listed subsidiary that operates the company's Macau casinos, dropped 6.5 per cent on Monday and [fell](#) as much as 7.8 per cent on Tuesday after Macau's Gaming Inspection and Co-ordination Bureau (DICJ) said it has met Wynn Macau's management to discuss the allegations.

The DICJ said it was “concerned” about the claims of harassment, which were first reported by the [Wall Street Journal](#) and which Mr Wynn has denied.

“The DICJ reiterated that the government of the special administrative region [of Macau] is concerned about the suitability of the gaming concessionaires' major shareholders, directors and the principal employees,” it said in a statement.

Wynn Macau said in a statement that it was “aware of certain media comments regarding the Gaming Inspection and co-ordination Bureau of Macau and will co-operate fully with any requests”.

Ben Lee, who runs a gaming consultancy in Macau called IGamiX, said the DICJ’s intervention was worrying for investors because the regulator is “normally very reticent” about commenting publicly on allegations about concession holders.

The timing is particularly sensitive, he added, because Wynn will have to re-bid for its government casino licence in 2022, alongside the other five casino concessionaires.

“When you’re coming up to such an important issue, you have to make sure your ducks are lined up and you’re beyond reproach,” said Mr Lee.

Wynn Resorts has formed a special committee of independent directors to investigate the allegations against its chairman. Mr Wynn resigned as finance chair of the Republican National Committee over the weekend. He said in a statement that “the idea that I ever assaulted any woman is preposterous”.

Gaming regulators in the US state of Massachusetts, where Wynn Resorts is building a casino near Boston, said they will review the company’s licence.

Analysts expect the Nevada Gaming Control Board, which oversees Wynn’s Las Vegas business, to follow suit.

They add that if he were forced to step down it would be a big blow to the business that bears his name.

“While there is likely to be some attempt to downplay Mr Wynn’s day-to-day involvement in the company’s operations, the fact is that he is more involved in the day-to-day than most other CEOs,” analysts at Bernstein wrote in a research note. “His leadership in managing the personalities at the company would be extraordinarily difficult to replace if he were to step down.”

In a section on risk factors in its 2016 annual report, Wynn Resorts said its competitiveness was dependent “to a large degree on the efforts, skills and reputation” of Mr Wynn and that his loss “could significantly harm our business”.

Additional reporting by Nicolle Liu