

Edgar Filing: RIVIERA HOLDINGS CORP - Form DFAN14A

RIVIERA HOLDINGS CORP
Form DFAN14A
May 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule
14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under ss.240.14a-12

RIVIERA HOLDINGS CORPORATION

(Name of Registrant as Specified in Its Charter)

Flag Luxury Riv, LLC; RH1, LLC; Rivacq LLC; Paul Kanavos; Robert Sillerman;
Mitchell J. Nelson; Brett Torino; Barry Sternlicht; Matthew Eby;
Michael D. Rumbolz; Larry duBoef; W. Dan Reichartz;
Thalia M. Dondero; Daniel W. Yih

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Edgar Filing: RIVIERA HOLDINGS CORP - Form DFAN14A

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

The following press release was issued by Riv Acquisition Holdings, Inc. on May 8, 2007:

NEWS

FROM: Riv Acquisition Holdings, Inc.
3753 Howard Hughes Parkway, Suite 101
Las Vegas, Nevada 89109

CONTACT: Rubenstein Associates, Inc.
Rick Matthews (212) 843-8267 or rmatthews@rubenstein.com

Faiss Foley Warren
Helen Foley (702) 933-7777

INVESTOR GROUP REACTS TO LETTER FROM RIVIERA HOLDINGS BOARD

Group Objects to Inaccurate Statements Made to Shareholders

LAS VEGAS, NEV, May 8, 2007 - Riviera Holdings (AMEX:RIV) stockholders affiliated with Riv Acquisition ("Riv Acquisition") said today they intend to continue advocating for the election of an objective and independent Board of Directors at the gaming company's Annual Meeting scheduled for May 15, 2007. The announcement came today after the current Riviera Holdings Board of Directors released a letter to shareholders containing statements that the group views as inaccurate.

In its letter, the Riviera Board questioned the independence of the alternate slate nominees, stated that the nominees would force a sale to Riv Acquisition, and made certain statements about the investor group's current and past offers for the company that need to be corrected.

The latest developments came after the Company said on Friday during its quarterly earnings call that it would start over with a process to "explore alternatives" including the possible sale of the Company. During the call, the

Edgar Filing: RIVIERA HOLDINGS CORP - Form DFAN14A

Company refused to answer stockholder questions about Riv Acquisition's offer.

On behalf of the group, investor Paul Kanavos said, "We are very upset at the way the current Riviera Board has questioned the professional integrity of the individuals who have agreed to stand for election. These are individuals who are well known in the hotel and gaming industries as people of impeccable character. The Company stated that the independent board nominees will approve a below-market sale. In fact, they are completely independent with no vested interests in the ultimate outcome of Riviera's ownership situation."

Among other inaccuracies, Mr. Kanavos cited the Board's statement that Riv Acquisition refuses to engage in constructive negotiations. The truth is that on March 28 the group sent a letter to the Board offering to enter into a merger agreement. The Board responded that it was not in a position to consider the proposal based on certain provisions of Riviera's charter and Nevada corporate law. Riv Acquisition completely disagrees with the Board's stated reasons for not considering the proposal and has filed a lawsuit challenging those reasons.

Also, the Board characterized the proposal as "highly conditional." In fact, Riv Acquisition offered to enter into a merger agreement under substantially the same terms as the merger agreement previously entered into with the Company, with no additional conditions. That previous merger agreement contained no unusual conditions.

The Board also stated that Riv Acquisition is trying to enter into a "coercive transaction" to buy the company that will effectively preclude higher and better offers. Contrary to the Board's statement, the investor group has indicated to Riviera that it would agree to a "go shop" provision in a merger agreement that would allow the Board to seek better offers for a specified time period. This provision would force any other credible bidders to come forward.

In its statement, the Riviera Board said that it had solicited bids from over 100 parties. The fact is that the Company announced on November 8, 2005 that it had concluded its strategic process. Riv Acquisition remains the only credible bidder that has ever emerged.

Mr. Kanavos concluded, "We are very concerned, based on the response to our proposal, that the Board may not pursue all avenues to obtain the maximum value for shareholders. Accordingly we believe it would be in the best interests of all shareholders to elect a new objective and independent Board."

###

IMPORTANT

If your shares are held in your own name, please sign, date and return the BLUE proxy card today. If your shares are held in "Street-Name," only your broker or bank can vote your shares and only upon your specific instructions.

Please return the BLUE proxy card to your broker or bank and contact the person responsible for your account to ensure that a BLUE proxy is voted on your behalf.

Do not sign any White proxy card you may receive from the Company.

If you have any questions, or need assistance in voting your shares, please contact the firm assisting us in the solicitation of proxies:

INNISFREE M&A INCORPORATED
TOLL-FREE: (888) 750-5834
Banks and Brokers call collect: (212) 750-5833