

Madison House hotel in Atlantic City could face reopening or wrecking ball at end of 2012

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ATLANTIC CITY — A peek through the windows of the Madison House hotel reveals an empty lobby and a dimly lit grand staircase. There is a bar that has plenty of chairs, but no customers to sit in them.

The historic hotel survived the Great Depression, a bout with bankruptcy in the 1960s and the arrival of the casinos in the 1970s and '80s — only to close down in 2006.

However, there is activity behind the locked doors — out of public view — that suggests the Madison House is being primed for a possible reopening.

“They are making it back to what it was. Everything is ready to go,” said Daryl Wagner, a technician for Western Pest Services.

Wagner, one of the workers who has helped to maintain the hotel since it closed, said the rooms have recently been dressed up, including the beds, as though guests are about to arrive.

“It’s still in good shape,” Wagner said in an interview outside the hotel. “It’s never looked better since I’ve been working here.”

Eric Weitz, a Philadelphia attorney representing the Madison House Group, the owners, would not say whether the hotel will reopen. Weitz did confirm, however, that a long-running legal battle between the owners and the lease holders has finally ended.

Court records show that both sides agreed to a settlement, dated Sept. 8, that dismisses the final counterclaims in the Superior Court lawsuit. The litigation, filed in 2008, pitted the Madison House Group against Pinnacle Entertainment Inc., the Las Vegas-based gaming company that leases the hotel.

When Pinnacle bought the old Sands Casino Hotel in 2006, it inherited a lease for the Madison House that requires Pinnacle to pay \$2 million annually through 2012. The Sands had used the adjacent Madison as a companion hotel for gamblers, but when the casino closed in 2006, so did the Madison.

Madison House Group accused Pinnacle of violating terms of the lease. In the suit, the hotel owners said Pinnacle had deliberately allowed the Madison to rot in hopes of buying it “on the cheap” to create more room for construction of a proposed Pinnacle casino.

Negotiations for Pinnacle to buy the hotel failed. The company had discussed knocking down the Madison House to make room for a \$1.5 billion gaming resort that it had once planned to build but has since abandoned.

Pinnacle had used the hotel as its local corporate office while plans for the new casino were still alive. After the lease expires, Pinnacle must restore the hotel to its original condition or pay for the cost of renovations, the lawsuit alleged.

Now the question remains: Is the ongoing work described by Wagner part of preparations to reopen the hotel, or is Pinnacle restoring the property as part of the lawsuit’s settlement?

Pinnacle isn’t saying. Company spokeswoman Kerry Andersen declined to comment on the suit. Terms of the settlement are confidential.

“We are still operating under a lease agreement there at the Madison House. Really that is all we have to say on the matter at this time,” Andersen said.

Built in 1929, the Madison is a stately Colonial Revival building accented by arched windows, marble floors, ornate chandeliers and a grand staircase that is a replica of the one in Philadelphia’s Independence Hall.

The 14-story building is located on the beach block of Dr. Martin Luther King Jr. Boulevard, not far from the Boardwalk. Although it never quite achieved the elite status of the opulent Boardwalk hotels, it was a luxury property in its own right.

“It was always a prestigious building and was considered one of the high-end hotels in Atlantic City,” said Allen “Boo” Pergament, a local historian. “It was a very majestic building. It stood out tall and strong.”

The Madison was designed by William Walton and Walter Price. The latter was the brother of the famed architect William Price, who designed Atlantic City’s Central Pier and two of the city’s storied hotels, the Marlborough-Blenheim and the Traymore, both now long gone.

The Madison is listed on the National Register of Historic Places, giving it protected status but hardly an ironclad guarantee that it will not eventually be demolished. Pergament fears the wrecking ball may some day arrive at the Madison, just as it did at the Marlborough-Blenheim, the Traymore and other historic Atlantic City hotels.

“Resorts, the Claridge, the Dennis and the Ritz are among the few remaining historic hotel buildings on the Boardwalk. The Madison is considered in the same class as those hotels,” Pergament said. “It was regarded as a luxury hotel. It always had a prestigious place in Atlantic City’s history.”

At this point, only the Madison’s owners know whether the hotel will be resurrected or will fade into history.

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