

# Don't Touch the Dice

## The Las Vegas/Utah Connection

by Bob Gottlieb and Peter Wiley

The meeting in Salt Lake City between the leadership of the newly formed Las Vegas Stake and the General Authorities of The Church of Jesus Christ of Latter-day Saints was coming at a critical time. The year was 1954 and it had been 23 years since gambling had been legalized, 7 years since Benjamin "Bugsy" Siegel, in conjunction with his fellow New York mobsters, Meyer Lansky and Lucky Luciano, had built the Flamingo, Las Vegas' first posh, highly touted hotel casino. After Siegel was gunned down in his girlfriend's Beverly Hills living room, creating a sharp rise in the town's notoriety, Las Vegas had become a raffish, booming gambling mecca with several more hotel-casinos constructed along Highway 95 outside the city limits in an area that was known as the Strip. In no time the population doubled, the tourists kept pouring in, and the gamblers—Lansky and Company liked to call them suckers—played like there was no end in sight.

It was a critical time, however, because some of the casino people had never really given much thought to long range plans. Most of the time, as one former Del Webb Company executive recalls, they operated as if their burgeoning profits could not possibly last. Vegas was just too good to be true. Maybe, the gamblers told themselves, Nevadans would tire of gambling (and the criminal element associated with it) and overturn the legalization statute. Somehow gamblers might get caught with their fingers in the cookie jar and be sent packing.

But there were people in town, older residents, some from pioneering families who were familiar with the town's boom-and-bust history, and they had given the matter careful thought. Gambling was here to stay, they concluded, and profit margins could only grow. A handful of the casino people also anticipated that possibility and were already beginning to worry that they would soon need a new infusion of capital, in order to keep up with the growth. There was a problem, however. Nearly every commercial bank and financial lender in the established business community refused to handle the gamblers' money. But there was one group from Salt Lake City, the Continental Bank people, that was approachable. Continental Bank, considered one of two largely "gentile" banks in Salt Lake City, had a young jack-Mormon executive named E. Parry Thomas, who had already done some investing in Las Vegas real estate, and who was particularly interested in establishing a bank for the gamblers—one that would take the risks, finance the expansion, and, most importantly perhaps, act as a conduit for outside money.

If the money became available and the hotels and casinos expanded, then Las Vegas would surely continue to boom. That's what other Mormon businessmen had decided, and they were ready to make their own investments. One group of Mormon realtors had ambitious plans to build a shopping center called Vegas Village. It would be the largest of its kind, surely an indication of what James K. Seastrand, one of Vegas Village's present owners, calls "the faith these Mormons had in the future of Las Vegas."

For the church leadership in Las Vegas, the issue was not only personal investments and financial success, but the future of the church itself. Since the beginning of the postwar gambling boom, LDS membership had grown, and the church, as Patriarch and First Stake President Reed Whipple characterizes it, had remained the "dominant local religious organization," functioning at the heart of civic, political and economic affairs of the local community. But now the modest investment the church had made in these years on behalf of its new members was being taxed by the rapid expansion of the city and the parallel growth of the LDS community.

As the community grew, the LDS General Authorities in Salt Lake City periodically monitored the Las Vegas situation. By 1954 things had changed to the extent that

the General Authorities called the Las Vegas leaders to Utah not only to review the situation but also to make some important new decisions. The question the General Authorities faced, according to State Senator James Gibson, one of the participants in the discussion, was whether they should "make a substantial investment in the future of Las Vegas and the church's role in the community." What was specifically at stake, say Gibson and Whipple, was the acquisition of 160 acres of land for a welfare farm as well as construction funds for a chapel and a large meeting hall.

The Salt Lake officials were at first reluctant—"cautious and conservative," as Whipple characterizes them.

"There was a feeling among the leadership," recalls Gibson, "that the gambling economy is a false economy that would disappear overnight."

Gibson, for one, had spent his whole life in Las Vegas. His father had been the first engineer hired at the government-financed Basic Magnesium plant during the war. And when the war ended, he had personally witnessed the closing of his father's plant and the slow withering of the local economy before the arrival of Lansky and Siegel.

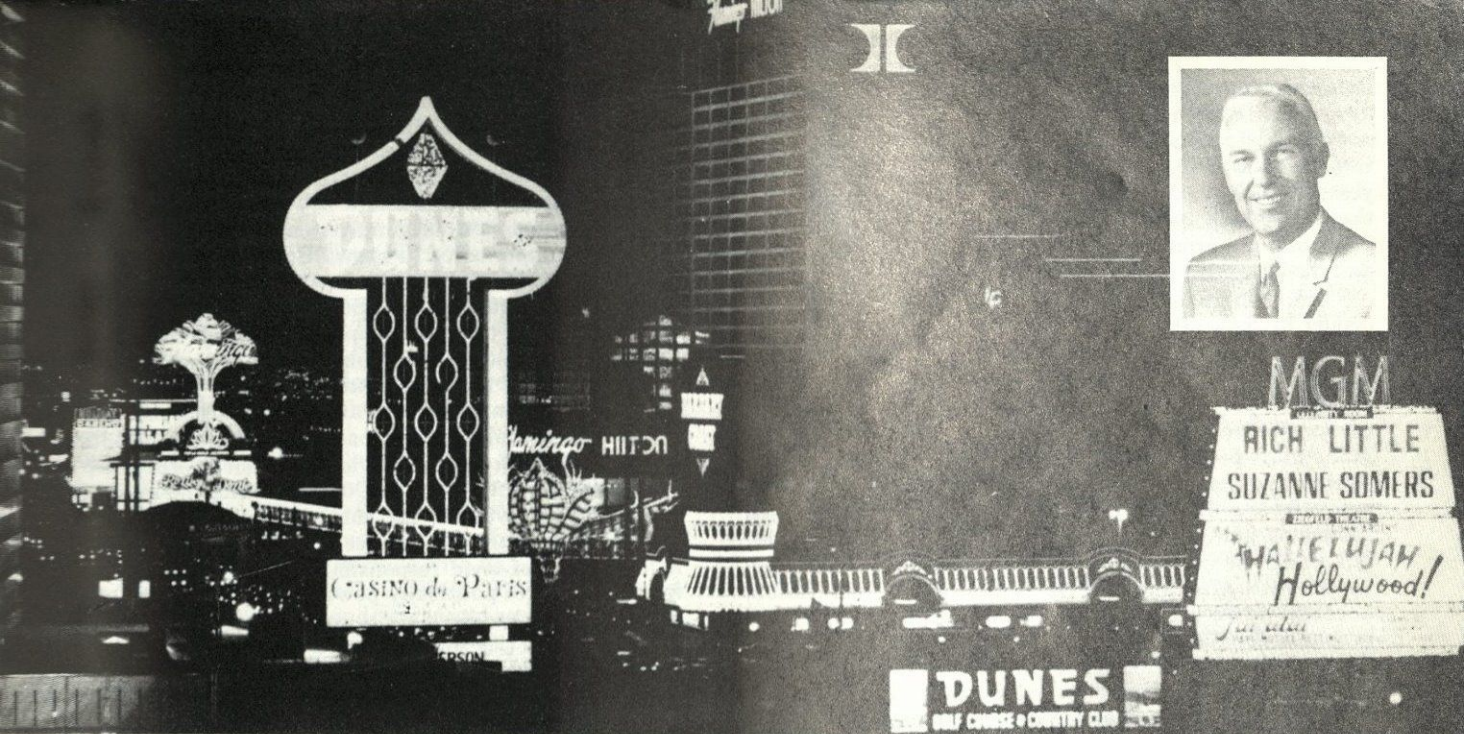
Like all church members, Gibson and Whipple were opposed to gambling, but here they were in the early stages of what promised to be an incredible economic boom, and, like it or not, it was "a question of the essential nature of the [gambling] industry to the economy," as Gibson puts it. With their commitment to Las Vegas' economic future, the local leaders argued that Las Vegas was not a boom-and-bust town, and ultimately Gibson assured the General Authorities that the church's investment was safe. "We told them that what was happening was more permanent," says Gibson, "and that business and the area would grow."

Ultimately the General Authorities decided to go along with the Las Vegas leaders and make the needed investments. It wasn't long before the General Authorities concluded that they had made the right choice.

"Things moved so fast," Whipple recalls, "that soon after, the General Authorities were encouraging us to buy more land, which we did, and to keep up with the growth, which we also did."

"The Mormon community grew up with Las Vegas," Seastrand concludes. "Our leaders had lots of optimism, and they looked very wisely on the future of this valley. They were far-sighted leaders who had the foresight to





E. Parry Thomas, the man who helped light up Las Vegas, burst on the scene in the 1950s.

build the chapels, expand the welfare farm, and go out and get the building sites."

Seastrand credits Whipple, whom he served under as a bishop, with being particularly aggressive in promoting the future of the church in Vegas. "He said, 'It's coming, go out and get your land,'" Seastrand explains, "and they pushed us to get additional land and facilities, and for all of us to have faith in the future. They would say, 'The time will come when people will come to Las Vegas.' They went forth with real faith in the future. And how right they were!"

### The political network

To bank on Las Vegas' future was an important decision for LDS leaders, many of whom had lived in the area most of their lives. Once an oasis on the Mormon trail from Salt Lake City to San Bernadino, Las Vegas had been founded by Mormon missionaries who came to the area in 1855 seeking to convert the Indians living near the excellent spring in the center of the barren desert valley.

According to Leonard J. Arrington, director of the Joseph Fielding Smith Institute of Church History, they were soon joined by a group of lead miners dispatched to the area by Brigham Young. In 1857 the new settlement was abandoned during the period of mobilization and retrenchment brought about by the arrival of federal troops in Utah. Though Mormon colonizers returned to the area soon after, Arrington writes in his recent study, *The Mormons in Nevada*, that "modern Las Vegas was 'born' with the construction of the Salt Lake to Los Angeles Railroad in 1905, and its growth underwent particular impetus during the 1920s, with much of the immigration coming from southern and central Utah."

During these years, Las Vegas was a quiet backwater dominated by mining, a little ranching, and the activities of the Union Pacific, which had bought the church-owned Salt Lake to Los Angeles railroad in 1906. Then in 1931 two pivotal events—the statewide legalization of gambling and the beginning of construction of Hoover Dam on the Colorado River twenty miles south of town—put Las Vegas on the map. But it was only after the war with the construction of the Flamingo, the Thunderbird and the Cleveland-based crime syndicate's Desert Inn in 1950, that the latest boom really began.

Since the establishment of big-time gambling, the expansion has been phenomenal. From a population of 16,000 in 1940, the valley grew to 48,000 in 1950, 129,000 in 1960, and has now reached 450,000 residents. According to current projections, the valley's population should reach 750,000 by 1990.

During this period, the LDS church has grown as rapidly as the city. Of the 60,000 Mormons in Nevada, 35,000 live in the Las Vegas area. Where there were 10 wards and one stake in 1954, there are now 8 stakes and nearly 70 wards.

Regional Representative Jim Gibson, a powerful state senator and a successful businessman, reflected recently on the central role of the Mormons in Las Vegas.

"Over the years there has been a lot of leadership from that segment of the population mainly because that is the continuity, the stable part of the community. Everything else came and went," says Gibson.

"Involvement in politics—to participate as citizens in civic matters no matter where we live—is part of our religious beliefs," explains DeVoe Heaten, himself an important political figure who served as U.S. Attorney and ran for lieutenant governor on the Republican ticket in 1978.

This involvement has produced an impressive record for the LDS community. Whipple, who spent 44 years working for the First National Bank of Nevada and rose from vault teller to vice-president, has served as mayor pro tem, a member of the city commission, and chairman of the Fair and Recreation Board of Las Vegas. According to Arrington, he "was a principal figure in the development of Las Vegas as a major force in the nation's convention industry." Seastrand, who acquired part ownership in Vegas Village in 1979, is presently a North Las Vegas councilman, while Sam Davis, the second regional representative, is a former member of the Nevada Gaming Commission, which regulates the industry. Both Myron Leavitt and Harry

Bob Gottlieb's and Peter Wiley's book about power and conflict in western cities will be published in 1981 by Putnam. Gottlieb, a contributing editor of *Los Angeles Magazine*, has written for a variety of national and city magazines. His book about the *Los Angeles Times* is called *Thinking Big*. Gottlieb's 1979 piece about Mormon media, "Static in Zion," appeared in the *Columbia Journalism Review*. Wiley has worked for the *Pacific News Service*.



Reid, who now heads the Nevada Gaming Commission, have served as lieutenant governor—Leavitt under Governor Robert List and Reid under former Governor Michael O'Callaghan—while Marcus J. Christensen spent twelve years in the Nevada legislature after serving as president of the Las Vegas Chamber of Commerce. And the list could go on and on: prominent politicians, civic leaders, lawyers and businessmen.

Jim Gibson is perhaps the most powerful political insider in the southern Nevada LDS community. Gibson was born in Las Vegas, the son of an engineer. In the 1950s he and his brother Fred organized their own company, Pacific Engineering and Production Company (PEPCO), in nearby Henderson, which produces, among other things, ammonium perchlorate, the basic rocket fuel for the space shuttle and the MX rocket. The Gibsons' company, in fact, will receive a major economic windfall if the MX missile system is built, since PEPCO, along with Kerr-McGee, holds an 80 percent market share for the sale of ammonium perchlorate. After entering the legislature in 1959, Gibson, a conservative Democrat, grew increasingly influential, becoming senate majority leader in 1977. As senate majority leader, Gibson is intimately involved in discussions about the plans for the MX, and he chairs a special subcommittee that is studying the question of availability of water for the MX system. According to one of his proteges, Richard Bunker, who heads the Nevada Gaming Control Board, Gibson essentially wrote the crucial 1950s legislation, which regulates gambling and was designed to establish a better image for the casinos. This is not surprising, since Gibson has consistently argued that the local economy cannot survive without gambling.

"I do not gamble and I rarely go out to those places," he explains. "My goal in public life is to be sure that it is administered fairly. I didn't go to Carson City to outlaw

gaming." Though a Democrat, Gibson carefully nurtured a political network of allies and proteges from both parties, many of whom are active church members, such as Bunker and Robert Broadbent.

Broadbent, who became a key member of the Clark County Commission, originally went to Gibson when he decided to run for office. "I knew," Broadbent recalls, "that I was going to have to vote and set policies on issues about gambling and liquor as well. So I went to Senator Gibson who was then in the leadership of the church, and I asked him about my dilemma. Gibson told me, 'The church says, Obey the law of the land. Gaming is legal. That satisfies me. Just try to make it as clean and honest as you can.'"

Richard Bunker, like Broadbent, also went to Gibson to get the church leader's advice and tacit approval of his appointment to the Gaming Control Board, the investigative arm that oversees the gaming industry. Once again Gibson spoke of the importance of getting involved, calling it "a matter of civic responsibility." Bunker, who came from a family of politically powerful Mormons—including his father who had been a city commissioner and an uncle who had been a U.S. senator—had a background in financial consulting and business management and had been manager of Clark County, which includes Las Vegas. Appointed to the Control Board in 1978 by Governor List, the next year he became chairman, one of the two or three most powerful positions in the state after governor.

Those in the know speak of the Gibson-Broadbent-Bunker network. However, though influential, the Mormon community is by no means politically monolithic. In a number of instances, such as the 1978 lieutenant governor's race when LDS Republican DeVoe Heaten was beaten by LDS Democrat Myron Leavitt, church members have run against each other. The Gibson network has also been antagonistic to Clark County Sheriff Ralph Lamb, a jack



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Mormon. Lamb accumulated a great deal of personal power during his tenure in office and had become an embarrassment to not only the political leadership in the community, but to many in the gambling industry who feared Lamb's accumulated political muscle. Lamb was finally voted out of office after a major exposé in the *Los Angeles Times* and his indictment for income tax evasion.

Nevertheless, Mormon politicians do work closely, creating the strong impression throughout Las Vegas that there is, as the *Los Angeles Times* put it, "a concentration of power" in the hands of Mormon political officials. Several top Mormon political figures, who are simultaneously in the leadership of the church, have also become the leadership of such political pressure groups as the Conservative Caucus and the Citizens Quest for Quality Government. These groups found that inserts in the unofficial church newspaper, *The Beehive*, were an effective way to reach the Mormon constituency. But when some church members objected to *The Beehive* with its political inserts being handed out in church facilities, *The Beehive* was given out as people came and went from services or it was placed on their car windshields during services. In addition, top Mormon leaders have, for example, endorsed the candidacy of LDS member George Holt, who ran for sheriff against Lamb and later became Las Vegas District Attorney.

In general, the Mormon community reflects the conservatism of its members and the impact of the church's strong position on such questions as the family and the Equal Rights Amendment. Most observers credit the church with playing a major role in defeating the ERA in Nevada. Most Mormon civic and business leaders speak glowingly, if not ecstatically, about the pro-growth environment, although the impact of high gasoline prices on the number of visitors, the beginnings of smog in the pristine desert, and the always gnawing problem of water for

the future have forced the most forward-looking members of the community to question whether growth can or will continue unabated. (Although the church denies that it is involved in politics, it encourages a high level of participation, and the tight organizational structure of the church promotes a high level of communication about political stances.)

Not all Mormons are conservative and oppose the ERA, however; a number of Mormons are both very active for the ERA and concerned about what they see as the church's attempts to dictate a political line to its members. Harry Reid refuses to spell out his political positions because as a game regulator, he considers himself "out of politics" for the present, but he does say, "I'm branded as a liberal on such issues as welfare, the ERA, abortion and police protection."

Opinions vary as to whether one aspect of the continuity and stability provided in Las Vegas by the Mormon community is the presence of a Mormon power structure. Jim Seastrand, for example, reiterates twice, "There is no power structure here. Mormons are diffused in the community." On the other hand, Reid, who, though younger, has been in the legislature, the state house, and has been involved in gaming regulation, declares boldly, "It is fair to say that LDS members politically have a big influence—especially in southern Nevada."

#### Mormons by day, Jews by night

Politics is only one aspect of the overall participation of top LDS leaders in civic and business affairs. Gambling is the heart of the Las Vegas economy, and its effect on every other aspect of business and social life cannot be overstated. According to state figures, gaming accounts for



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31 percent of all employment in Las Vegas, while another 60 percent of the work force is employed directly or indirectly in related businesses. Bunker says that 47 percent of the state's income is derived from gambling. Literally every business or profession has a link to the casinos and hotels, and the growth of the region is thoroughly intertwined with the fate of the gaming industry. "Everybody in Las Vegas makes money from gambling in one form or another," says casino executive and Mormon leader Shannon Bybee, Jr.

"The church," says LDS attorney Anthony Earl, "has no intention of revoking or changing the situation. If you live here, you accept it. It's a good economy. There's opportunity here."

Interspersed throughout the economy are numerous LDS businessmen. The creation of Vegas Village marked the active participation of several LDS entrepreneurs in the development of not only the Village but several other shopping centers and real estate projects. From its inception, Vegas Village was managed by Mormon executives and has utilized its LDS connections for its own and the church's benefit. Vegas Village executives, however, downplay the church connection in public.

"We're not Mormon," states Jim Seastrand, "and we try to get away from the LDS image, which will not add to our business." Yet four days after Seastrand made that statement, Vegas Village held a special sale for LDS members where nearly everything in the store went for a 10 percent discount to church members with 5 percent of all proceeds ticketed for the church building fund. The sale was promoted at church services with an announcement in the program right after the closing hymn.

Mormons can also be found within many of the law firms and accounting firms so crucial to a town where lawyering and accounting are considered essential services. And Mormons are represented in a wide variety of pro-

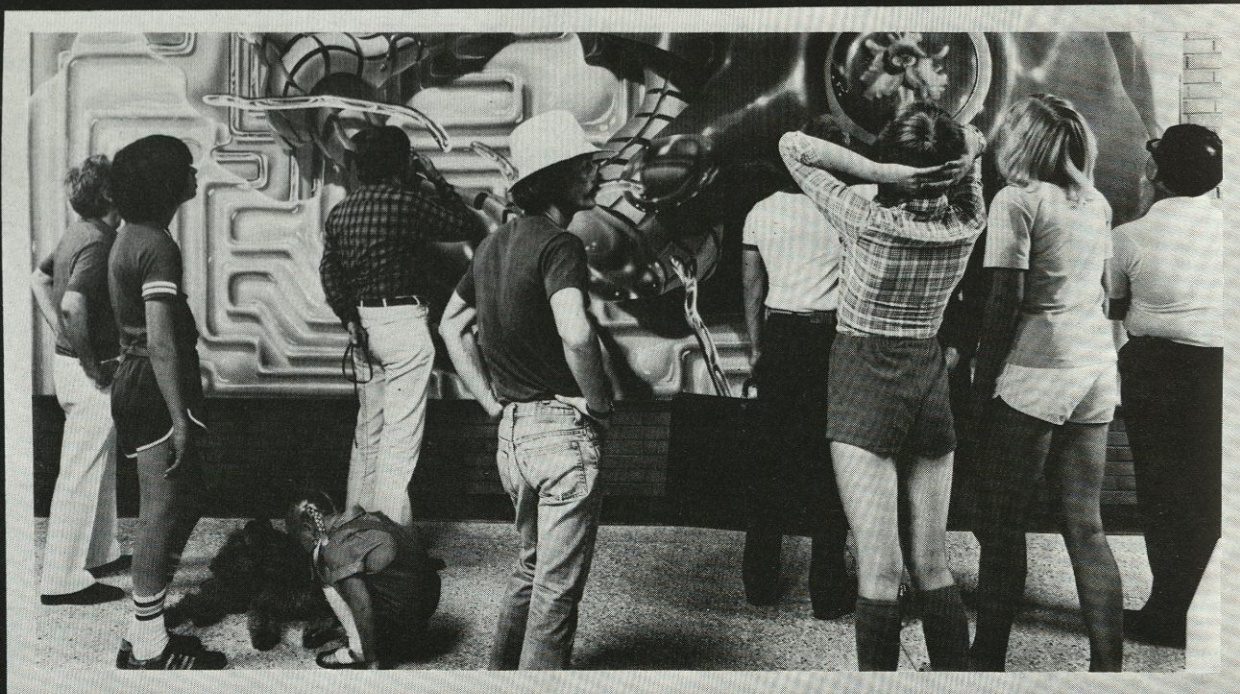
fessions and trades ranging from medicine to plumbing and including the top officials of Nevada Power Company, a utility with a long history of ties to LDS businessmen.

The most significant area of LDS participation, according to Patriarch Whipple, is in the banking and financial sector, where Whipple estimates that Mormons account for 60 to 65 percent of the top executives in all aspects of finance statewide. For the gamblers, the most significant bank by far is the Valley Bank of Nevada, formerly the Bank of Las Vegas, which played the instrumental role in the development of the industry for nearly a quarter of a decade.

Around the time that Gibson and Whipple were meeting in Salt Lake with the General Authorities, a number of bank officials from the Salt Lake-based Continental Bank, headed by Walter Cosgriff, were engaged in discussions with several Las Vegas and Beverly Hills lawyers and financial investors. They were talking about the possibility of establishing a Las Vegas bank, which would, in effect, be the first commercial bank to finance gambling. The key man from Continental was E. Parry Thomas, a Utah-born bank executive who had been dabbling in Las Vegas real estate since the war and who already knew a number of powerful Las Vegans.

Thomas, according to Whipple, is "a Mormon, though not an active Mormon." The former Salt Lake banker told *Business Week* in 1973 that he considered himself a Mormon who takes "an occasional highball" while his wife and children, including a son who went on a mission, remain active in the church. According to several people close to the Utah banker, Thomas, in effect, used his Mormonism as a means to establish himself in the community, "allowing him," as Shannon Bybee puts it, "to let the Mormon businessmen feel comfortable with him since they know that he knows them and who they are, and that they can

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talk the same language to do business together." This functional Mormonism is expressed in Thomas' widely known remark, "I work for the Mormons until noon and from noon on for my Jewish friends."

By Jewish friends, Thomas means the gamblers who ran the casinos when Thomas and his Bank of Las Vegas set up shop in 1954-55. The new bank immediately became involved in casino financing, beginning with the remodeling of the Sahara at a time when, according to law enforcement files, the Sahara was considered to be a front for Meyer Lansky and his brother Jake, two of the most important figures linking organized crime to the world of gambling. In rapid fire order, the Bank of Las Vegas financed the development and/or expansion of the Fremont, the Sands, the Desert Inn, the Dunes, the Hacienda, the Stardust, the Riviera and the Thunderbird, among others.

By the late 1950s, as the casinos continued to thrive and expand, new sources of capital became even more crucial to sustain the growth. Parry Thomas and his bank once again came to the rescue, pumping additional funds into gambling. The bank became a major conduit for outside capital, achieving its greatest notoriety when it served as the connection for hundreds of millions of dollars invested in gambling by the Central States, Southeast-Southwest Areas Pension Fund of the Teamsters Union. This money was controlled by Jimmy Hoffa and was, as numerous law enforcement investigations later pointed out, a source of capital at the service of organized crime.

The relationship between the Bank of Las Vegas and the Teamsters brought Thomas into a close business relationship with Morris Shenker, Hoffa's personal attorney and the key lawyer for a number of organized crime figures.

Thomas, according to *Business Week*, became "the front man for a coterie of trusted individuals and friendly financial institutions"—Thomas called the group "the herd"—including bank officials Kenneth Sullivan and Jerome Mack and Thomas' business partner, Morris Shenker. Shenker, who was also the attorney for a small Galveston, Texas-based insurance company called American National Insurance Company (ANICO), arranged for ANICO to funnel major loans through the Bank of Las Vegas to various gambling interests, including \$13.3 million to Shenker himself and another \$5 million to the Thomas group to invest in a company they established which owned a fleet of oil tankers. ANICO also invested more than \$1.5 million in the stock of Parvin-Dohrmann, a publically owned company involved during the late 1960s in the ownership of several casinos. Parvin-Dohrmann eventually collapsed after a scandal over stock manipulations and links to organized crime. ANICO was also the subject of stockholder lawsuits that charged company executives with receiving substantial kickbacks in exchange for using the small company to arrange their king-sized Las Vegas loans.

By the late 1960s Parry Thomas was all over the Las Vegas map. He became a director of Parvin-Dohrmann and later linked up with Edward Torres, the general manager of Parvin's three casinos, who (thanks to a Parry Thomas bank loan) bought up 30 percent of the Riviera. Thomas and his group also held \$8.4 million worth of the privately held Riviera stock at the time Torres was running the casino.

The Thomas group's biggest move was their acquisition in the late 1960s of Continental Connector Corporation, a small, publically held specialty electronics company based in Woodside, New York, which held a coveted listing on the American Stock Exchange.

From assets of \$5 million, Continental Connector under the Thomas-Shenker leadership went on a whirlwind of acquisitions and investments dozens of times the value of the original company. Within one year, the company bought a Teamsters-financed Chicago trucking firm, the Dunes Hotel and Casino, and the Mormon-dominated

Vegas Village shopping center, which was later sold to Seastrand and his partners. Prior to the Continental acquisition of Vegas Village, Thomas and his group had controlling interest in a corporation that held title to property leased to Vegas Village.

In the late 1960s, Continental Connector attempted to acquire the Golden Nugget, but failed when the Securities and Exchange Commission intervened. The SEC charged that Continental Connector's proxy statement contained false and misleading information and violated accepted accounting practices. Continental Connector then signed a consent decree with the SEC and abandoned the takeover attempt.

Thomas, however, continued to maintain close ties with Golden Nugget management. According to Shannon Bybee, who is executive vice-president of the Nugget, Golden Nugget chairman Stephen Wynn "is like an adopted son to Parry, and Parry is his financial guide." Through Parry Thomas' old Utah ties, Wynn and the Golden Nugget developed a relationship with prominent Salt Lake financier George Eccles and his Utah-based First Security Corporation. Eccles and First Security, according to Bybee, used Thomas' bank as a conduit (thereby avoiding any publicity) for financing a major addition to the downtown Las Vegas casino and for providing support for the Nugget's efforts to establish an Atlantic City operation.

Parry Thomas' son, Peter Thomas, an active Mormon who works for his father's bank, also sits on the Golden Nugget board of directors and holds a 20 percent interest in a trust his father helped set up, which owns a large block of stock in the Nugget. That trust had also loaned \$625,000 to the Nugget as part of a larger loan package by a bigger consortium of lenders.

From the outset, Continental Connector had problems with the SEC and other government agencies. In the

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early 1970s, several employees of Continental's Dunes Hotel were indicted on charges of skimming and income tax evasion, with four of the employees subsequently acquitted and two never coming to trial because of apparent health problems. In the mid 1970s, the SEC brought action against Continental Connector and its major stockholder, Shenker, who then held 44 percent of the stock in the company. During this period, Thomas and his group were top officers and directors of Continental Connector. The SEC action forced Continental to sell back to Shenker some undeveloped California land that it had originally bought from Shenker for \$5 million.

In the early 1970s, the American Stock Exchange held up the trading of Continental stock after the SEC filed a suit in Federal Court charging the company with violating securities laws in regard to information in its proxy statements. In July, 1978, according to documents on file with the SEC, Continental received a \$14 million loan from Thomas' Valley Bank and made a corollary agreement with a Utah bank to provide another \$10 million to partially replace Teamsters Pension Fund money (which had been withdrawn after Justice Department intervention) to renovate and expand the Dunes. The Continental Connector 10K form, filed with the SEC, also indicated as late as the 1977 filing, that the company continued to engage in what *Forbes* magazine characterized as questionable practices. These included advancing markers worth several hundred thousand dollars to customers "whose identities are not known," as the 10K described it, or paying more than \$100,000 in construction money to "an individual who cannot now be located."

Despite Continental Connector's problems, Thomas escaped relatively unscathed from the various investigations and journalistic inquiries. Instead he was toasted in local newspapers as "Mr. Las Vegas" for his crucial role in financing the gambling industry. One top casino executive identified the Valley Bank chairman as the most significant behind-the-scenes man in the gambling world, the real "Godfather" of Las Vegas. Despite these laurels, by the late 1970s Thomas' role had been largely eclipsed, due in part to the elimination of Teamsters money because of federal action. Further, the removal of Teamsters' funds coincided with the increased role of publicly held corporations and what many in the gambling industry wishfully characterized as "corporate gaming."

### The new regulators

The shift from privately held to publicly held gambling corporations was significant in a number of ways. Though it didn't eliminate the influence of organized crime or the possibility of fraud or misleading activities—as witnessed by the Parvin-Dohrmann and Continental Connector situations—the emergence of public gaming corporations meant that the gambling world had begun to shift from the men with the long cigars and Panama hats to the corporation men in three-piece suits, as Shannon Bybee puts it. Interestingly it was the regulatory agencies, not the casino owners, who played the central role in forcing the casinos to make changes designed to improve the image of the gambling industry. Bybee, who served on the Gaming Control Board before going to work at the Nugget, explains, "Our board showed that the state could regulate, and they attempted to change the financial industry's point of view. They were aware that there was too much reliance on the Teamsters Pension Fund, and they wanted to change. Therefore, to get that new financing they needed to get a strong image of a state board capable of exercising control."

At first the Gaming Commission and its enforcement arm, the Gaming Control Board, ruffled a few feathers among gamblers who were resistant to the idea of tighter



auditing methods and other image-changing procedures. But by the late 1970s, when Mormons Harry Reid and Richard Bunker became the heads of the State Gaming Commission and the State Gaming Control Board respectively, the attitude of the casino owners and managers had significantly changed. Under Bunker and Reid, the regulatory agencies and the casinos worked closely together to change the image of the industry. Bunker particularly was interested in the accounting end of regulation and other aspects of the casino business that could be "professionalized." If the money men could be convinced that computerized accounting eliminated the traditional illegal practice of skimming, Bunker argued, then the more reputable New York-based financial institutions could be convinced to invest.

The shift in approach of both regulatory agencies and the casinos themselves indicated a new and increased role of individual Mormons in the gambling industry. Though Mormons had been heavily involved in politics and the range of business and professions in the community, the number of Mormons within the gambling industry itself in its early years had not been as numerous. Though there were a handful of prominent Mormons in top management positions in several casinos, and Mormons in key trade associations—such as the head of the downtown Resorts Associations—Mormon influence in other areas such as politics and banking was greater. Aside from the banking area and the crucial role of Parry Thomas, the other substantial role for Mormons was their prominent participation in gaming regulation.

The power of those positions has sometimes led to what one casino executive calls "the trade-off and use of Mormonism," pointing to the example of casino executive Frank Mooney. Mooney, a long time casino operative, was also an active Mormon whose Mormonism became a factor when Mooney got in trouble because of a major skimming scandal. During the mid 1970s the Fremont, Hacienda, Stardust, and the Marina were owned by the Argent Corporation headed by Allen Glick. During this time Argent was a major recipient of Teamsters Pension Fund money totalling an astounding \$160 million, including \$62 million to purchase the Fremont and the Stardust. Argent had frequent skirmishes with various law enforcement agencies that questioned Glick's and his aide Frank Rosenthal's ties to Chicago organized crime figures such as Anthony "Tough Tony" Spilotro. Mooney was an accountant working for Glick as secretary-treasurer of Argent. According to state and federal authorities, between 1974 and 1977 a massive skimming scheme that involved the theft of between \$7 and \$20 million occurred at the Argent-owned casinos. The feds charged that Glick and Mooney knew of the situation and that both men had failed to take any measures to stop the skim.

When Mooney's case came before the State Gaming Control Board, it placed chairman Richard Bunker in a difficult position. "I was Frank's bishop and spent many hours with him staying up all night at one point," Bunker recalls. Bunker says that he knew that he had to act on the case since federal agencies had already initiated their own investigation and would soon be ready to act. Therefore, reasoned Bunker, his own credibility was at stake.

While Bunker pondered the situation, members and key leaders in the church began to express concern about Mooney's problems, impressing on officials like Bunker and Reid that Mooney was "a victim of circumstances," as Reed Whipple puts it. "Frank Mooney's Mormonism was one of the big things he had going for him," Reid recalls. "Mormons would stick up for him. I would get letters and phone calls and visits from Mormon leaders asking me, 'What have you heard about Brother Mooney?'"

The inquiries and support notwithstanding, Bunker, in particular, felt that some kind of punishment for Mooney was inevitable. "I know Frank was conscious of what was

## Gambling With Integrity

Can people with well-defined ethical codes participate in the rough and tumble of the business world and expect to keep their values intact? Pertinent to this article, can members of The Church of Jesus Christ of Latter-day Saints (Mormons) who live in a gambling town (Las Vegas) participate in the gaming industry and not expect to compromise their beliefs?

*Utah Holiday Magazine* asked three active Mormons to respond to the facts presented in the accompanying article and to weigh the ethical considerations involved.

Speaking officially for the LDS Church, Jerry Cahill, director of press relations, states:

"As you know, the LDS Church is opposed to gambling, lewdness and lasciviousness, and we hope that our members and leaders understand that. Any contemplated activity, it would seem, ought to carry the presumption of discouragement of gambling. Joseph Smith said, 'We teach the people correct principles, and they govern themselves.'"

Why is a distinction made by the LDS Church in Las Vegas between management and employees of gambling casinos, so that Mormons who work "on the floor"—as dancers, dealers, cocktail waitresses, or pit bosses may be denied temple recommends or advancement in the Melchizedek Priesthood? Why is this policy applied only to "floor" employees and not to casino owners, managers or accountants?

Cahill acknowledges that such a distinction exists, but says he does not know why it exists. "All I can say is, that's the way it is." The church spokesman adds: "The church leadership in Salt Lake City is not ready to make choices for individuals on what jobs they should have and not have. Local leaders offer guidance on this matter and we have great confidence in them."

Should Mormon management and employees in the gambling industry be asked to play by different rules on the theory that "floor" employees may be more visible and therefore more damaging to the Mormon image of opposition to gambling?

"I can't imagine," says Mormon entrepreneur Sam Stewart, "asking my employees to do anything different than I would do as a manager."

Stewart, president of Wasatch Advisers, an investment counseling firm, and professor of finance at the University of Utah, says his experience teaches him that businessmen and women who decide not to make compromises with their ethical codes are not only more integrated individuals but ultimately more prosperous.

"As a Mormon, I hope the Mormons involved in the gambling industry are sensitive to the ethical issues involved. It's hard to play with fire.... Sometimes as I sit in priesthood meeting and hear the stress on following our leaders instead of stress on following our consciences, I wonder if we are not vulnerable ethically," Stewart says.

"As a citizen," says C. Brooklyn Derr, Alpine, Utah, city councilman and associate professor of human resources management at the University of Utah, "I am happy to find people of all persuasions in regulatory positions. I am not bothered by the fact that Mormons serve on the Nevada Gaming Control

"As an active Mormon, several other aspects disturb me," continues Derr. "First, that some Nevada Mormons may view their more direct association with gambling as financial opportunity—almost manna from heaven. For many church members, it is difficult to discern between so-called temporal and spiritual success.... I think that the achievement ethic among Mormons is a temptation problem." (Derr has written elsewhere on this subject: see "Can You Stand Success?" *The Ensign*, February, 1978.)

"Many of our over-the-pulpit concerns in the LDS Church about business are associated with 'process' issues: an honest day's work for an honest day's pay, the admonition not to cheat on expense accounts, the need for loyalty to employers," Derr observes. "We are not as apt to comment on the 'content' problems: what do we *do* in our businesses and whether it is congruent with our faith. We need to emphasize content much more. To act legally is not synonymous with acting righteously.

"While there is something to be said for avoiding the appearance of evil ('Don't touch the dice'), this is a double standard—it's not ethically consistent. It smacks of hurting the 'little people' while the 'fat cats' go free.

"I love President Kimball's attitude expressed in the accompanying article," says Derr. "Many Mormons need to take character-building risks, to curb their achievement appetites, to carefully examine the content as well as the process of their business ethics—and to stop gambling with integrity," Derr adds.



going on," Bunker remarks. "He might have been used, but he was also getting paid. Frank did things at the Stardust he should not have done." To avoid a reprimand would have made Bunker look bad. "It would have been easy for everyone to say, 'Mooney is a good friend of Bunker's, and he gets off scot free,'" said Bunker. "It would have been incredibly bad publicity."

Through the summer of 1979, Bunker negotiated with Mooney and Glick; the negotiations culminated in a deal whereby Mooney and Glick lost their gambling licenses and were fined—\$50,000 in Mooney's case. The negotiated settlement, however, was strongly attacked. The gaming commission regulators, according to newspaper reports at the time, were defensive about the settlement, and an attorney for the insurance company involved called the settlement "a disservice to the state of Nevada." Despite the ignominy of the loss of license and fine, Mooney never-

theless did escape a threatened criminal prosecution when the district attorney's office failed to indict. During the investigation, the district attorney, Mormon George Holt, told others that he knew Mooney from his church ward and found it difficult to believe he would purposefully do wrong. The DA's office, however, stated that failure to prosecute stemmed directly from difficulties in translating skimming charges to criminal prosecution.

Despite continuing problems with organized crime influence, the new Bybee-Bunker-Reid regulatory philosophy of accommodating the industry by helping it improve its image has begun to pay off.

"What turned it around overnight was [the legalization of gambling in] Atlantic City," says Bybee. "It's amazing what those profits did to Wall Street. Before, they thought of it as a moral thing and then—presto—it was good business."

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The increasing legitimization of gambling in the eyes of New York and other investors has meant, in turn, that some of the stigma has been removed from the industry, making it a more acceptable career for young Mormons.

Already a number of Mormons have begun, through the ranks of accounting firms, law offices, and the regulatory agencies, to enter the middle and upper levels of casino management. Richard Bunker laid out the options for a person in casino regulation: Stay in regulation at a modest salary with only gradual pay increases, or go into the industry where the pay is double or even triple. Individuals in the banking business, where Mormons are already highly visible, are also becoming prime candidates for executive positions as the industry becomes increasingly oriented toward legitimate financing. Even a lawyer like DeVoe Heaton, who previously had no direct ties to the gambling industry, was able through this increased Mormon presence to acquire a number of new casino clients, including some clients involved with the Aladdin Hotel who were facing problems concerning alleged organized crime ties before the Aladdin was shut down.

"DeVoe Heaton," says one high-ranking gaming executive from a Strip hotel, "is the new juice lawyer in town," using the favored term for someone who has influence and is well-connected.

Heaton himself came under FBI investigation in the summer of 1980. The bureau is looking into a \$1.2 million bank fraud scheme at the Deseret Federal Credit Union, a Mormon-controlled loan operation, whose former manager had allegedly channelled credit union loans through unqualified applications to the manager's fictitious Nevada corporation, according to the *Las Vegas Sun*. The manager and associates had, according to investigation documents cited by the *Sun*, induced non-Mormons to pay into the credit union via the fictitious company, although the credit union, unbeknownst to the borrowers, required all loan applicants to be Mormon. Heaton, who represents the Deseret Credit Union manager, is under investigation, according to the *Sun*, as to whether the lawyer had acted improperly in attempting to persuade the Mormon credit union's directors to allow the manager to repay the fraudulently obtained funds.

When Richard Bunker says of gambling and his role as a regulator, "Our interests and our directions are the same since we want the industry to have the best possible image," one wonders what happens to the problems of law enforcement and regulating an industry with an age-old history of illegal activity.

Frank Sinatra's attempt to get another gambling license, which will come before the Gaming Commission in a couple of months, will prove to be a test of the new regulatory philosophy. Sinatra lost one license several years ago because of his association with organized crime figures. Now Reid and Bunker have to deal with his new application and all the attendant publicity. Reid has already spelled out some of his thinking:

"We used to say that the poor and the downtrodden don't get a fair shake, but that's also true of the Frank Sinatras, who are also notorious. That's what is most important to me about his situation. I want to give him a fair shot."

#### Just don't touch the dice

An existing and growing presence of Mormons at the highest levels of the gambling industry has repeatedly raised for church members the question of how to reconcile working for or living off of gambling with the church's opposition to all games of chance. The practice of gambling, the LDS First Presidency declared in 1925, "is to encourage the spirit of reckless speculation, and particularly to that which tends to degrade or weaken the high moral standard which the members of the church, and our community at

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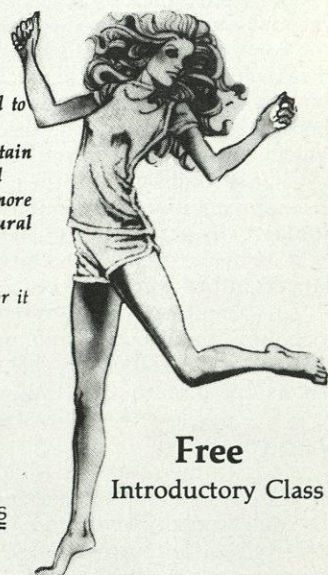
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"It's on the floor that our members might be prone to gambling temptations," says a Mormon leader. "We say in effect, don't touch the dice."

large, have always maintained.... We therefore advise and urge all members of the church," the message concludes, "to refrain from participation in any activity which is contrary to the view herein set forth."

Some church leaders, prior to the crucial 1954 meeting, were uncomfortable with the fact that gambling had been legalized, dramatically altering the shape of the old Mormon community in Las Vegas. In their biography of their father, Spencer W. Kimball's two sons tell of one such incident. In late 1941, Kimball, along with several associates, drove through the night from Arizona to Las Vegas to inspect some investment property in the area which eventually became the Strip. The group obtained a thirty-day option on the property but Kimball concluded, after consulting with his wife, "that getting involved in a gambling town like Las Vegas was not a good idea for him and that, though there was money to be made, he did not want his last two sons to grow up with that background."

When asked about the incident, Reed Whipple questions whether Kimball's attitude was really accurately represented. "After all," Whipple declares, "some General Authorities have bought land down here as an investment; they've obviously felt it was something worth doing." Pressed as to which General Authorities, Whipple mentions Bishop Thorpe B. Isaacson, a counselor in the First Presidency and assistant to the Quorum of the Twelve, who had been involved in some Las Vegas deals before he died in 1970.

The increasing presence of Mormons in all aspects of Las Vegas life has led the local church leadership, and subsequently the General Authorities, to try to define an overall position concerning participation in gambling. This position has three key components: To begin with, the local leadership, following longstanding church policy, counsels against the act of gambling itself and asks its members to refrain from frequenting casinos. That policy has occasionally caused problems for local Mormons, according to a stake leader quoted in the church's *Ensign* Magazine. The stake leader referred to "the number of LDS tourists who come to the city and want their LDS friends or relatives to show them the 'sights.' If the 'sights' are the good things to be seen around town, we're most happy to show them off to everyone. If they are sights that undermine our own members, how do you think that makes us feel?"

The second aspect of the policy concerns certain areas of employment in the gambling industry—what Richard Bunker calls activities "on the floor." These are the jobs such as dealers, cocktail waitresses, pit bosses, and even dancers, all of whom are visible participants on the floor. "It's on the floor that our members might be most prone to temptations around gambling," Shannon Bybee reasons. Jim Seastrand elaborates this point by defining the problem as one of actually handling the cards or the dice.

"We say in effect," Seastrand declares, "Don't touch the dice."

If LDS members persist in that area of employment they are told that they may not be ordained to offices in the Melchizedek Priesthood, nor appointed to an administrative position in the church, nor, most significantly, be issued temple recommends or be allowed to have a temple wedding. That policy was made formal with an open letter from the First Presidency to the Nevada stake presidents on May 18, 1977.

Some areas "on the floor," such as singers and musicians, however, have, as Whipple puts it, "borderline" status. On the specific matter of singers, such as Utah's

Osmond Family, Whipple referred to church spokesmen in Salt Lake City, stating, "I'd be interested to know myself."

Church Public Communications spokesperson Jerry Cahill said he could find no policy referring to singers. Regarding the Osmonds' periodic performances in Las Vegas, Cahill declared that "they carefully control the content and intent of their shows. I can't see why they cannot perform there. Do we tell them not to go to Peoria if the theater in which they're performing shows X-rated movies?"

The restriction on certain forms of employment has in fact been enforced on several occasions. One dancer describes just such an enforcement. She had trained for a number of years and had always anticipated that she would end up with a job as a dancer. Before finishing her training and obtaining a job, she converted to Mormonism. When she got her dancing job, as well as a second job as cocktail waitress to supplement her income, she was told by her bishop that she had to change jobs or lose her temple recommend. The dancer was extremely upset with the demand, but the bishop was insistent. Facing the choice of remaining in her church or keeping her job, the dancer gradually became less active in the church. She now considers herself at best an inactive member.

The admonition about dancing, waitressing on the floor, or "holding the dice" does not apply, however, to ownership or casino management, the third part of church policy. Church leaders do not counsel their members to stay away from casino management positions.

"Our counsel to people who work [in management positions]," says Reed Whipple, "is that it is not wrong to work there as long as you're earning money at legitimate work. It's no different than someone who would be working for a company like the Union Pacific."

In fact, some church leaders, such as Jim Gibson, have positively encouraged church members to get involved, particularly in areas such as regulation, which has such enormous influence over the state of the industry. As Bunker understands it, church leaders have said that Mormon influence helps "clean up the image" of the industry. Whipple worries, in fact, that the organized crime notoriety might ultimately hurt the business and therefore hurt an economy that Mormon civic and business leaders are so involved in. However, other Mormons around the industry such as Bunker dismiss Whipple's fears about organized crime. They feel that the hoped for transformation of the industry into "corporate gaming" is now nearly complete. Mormons, they feel, are at the center of that transformation.

In the February, 1979, *Ensign* story about the church in Las Vegas, a church leader is quoted in reference to the "special challenges the church faces in Las Vegas," referring specifically to the "tremendous contrast between the church's way of life and the community's way of life."

That contrast, however, turns into a merger of interests through the critical participation of key Mormon leaders in the fate of the gambling industry. As gambling becomes defined as a more "businesslike" operation, the strong predisposition of many in the Mormon leadership toward corporate activity will only increase that tendency toward convergence.

Everybody in Las Vegas, according to Shannon Bybee, ultimately make their money off the gambling industry, and that fact, more than anything else, shapes the character of the area. Money, town folklore has it, is the root of all activity in Las Vegas, and it is where the community's different cultures eventually meet. □