

WITHOUT RISK

There Is No Reward

Stories From My Life's Journey



by
Robert L. Mayer

With Peter Weisz

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MANUSCRIPT**

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(inside front dust jacket flap)

“WITHOUT RISK THERE IS NO REWARD.”

Upon this declaration, Bob Mayer has built a stunning edifice, shaped by his own experiences as a builder, a banker, a businessman, a hotel and casino operator, and a world class real estate entrepreneur. From his modest beginnings as a day laborer amid the post-war Southern California housing boom, to his years as the region’s largest developer of multifamily residential housing, **WITHOUT RISK** recounts a true American Dream come true. In colorful vignettes, Bob shares many of the amazing and outrageous anecdotes he has collected over his fifty years as a successful real estate developer.

Acclaimed for building some of the most luxurious properties along the Pacific Coast, Bob, in these pages, builds “story” upon unforgettable “story” to construct a personal history high-rise that will delight and astound you.

Episodes such as his high stakes negotiations with Las Vegas impresario, Steve Wynn and Bob’s account of a high flying and hilarious Mexican Hat Dance add life and color to this inspiring testimony of one man’s aspirations and achievements.

Driven by the principle that accepting, and even embracing risk is essential to financial success, Bob lays out in plain spoken detail, how he built his highly successful enterprise step-by-step. Today, Bob Mayer enjoys the widespread respect and admiration of his industry and his peers. After reading “**WITHOUT RISK THERE IS NO REWARD**,” you will undoubtedly feel the same way.

DEDICATION

*To my children, Linda, RJ and Michael
and their children and their children's children*

*And in memory of
my parents, Bert and Betty
and
Marcie and Mary Ellen*

ACKNOWLEDGEMENTS

I am grateful to the following people for their assistance in preparation of this book:

To my cousins, Jim and Roger Mayer and Annette Kutilek, and my sister, Dolores, who, collectively, have been the caretakers of our family's history over the years. They generously provided the background and photographs of our ancestors.

To Peter Weisz, who made this book come to life with all his editing skills, his historical knowledge of facts and his extraordinary sense of humor.

And, to my wife, Maya, who not only encouraged me to write this book but laid out its concept. For her invaluable input, the long hours she spent doing research, gathering photos, creating our family tree and taking care of the many countless of things that go into creating a memoir such as this, she has my deepest gratitude.

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INTRODUCTION

*“Where I’m going has no end, what I’m seeking has no name.
No, the treasure’s not in the takin’, it’s in the lovin’ of the game.”*

—Pat Garvey

Perhaps it’s due to my heritage, to my personality, or to my general lack of common sense, but I have, throughout my business career, always warmly embraced risk as fortune’s accomplice. As a builder and developer I have been fortunate to make numerous successful runs around the Monopoly board, repeatedly passing “Go” and managing to avoid “Going to Jail.” In real life, just as in the board game, however, every property acquisition is preceded by a roll of the dice. There is no other way. Without the risk there simply is no reward.

How many times—in business or in everyday life—have you heard the expression “*Risk vs. Reward?*” It’s a common equation we all use to evaluate any contemplated course of action. Will the value of what you may gain offset what you may lose in order to gain it? Common sense tells us that to move ahead, the expected reward should exceed the risk, or, at the very least, it should be “worth the risk.” In business we are constantly presented with calls to “reduce the risk” or “manage the risk,” and are encouraged to precisely identify our “risk tolerance.” Actually, I have never regarded risk in this fashion. Once the deal makes economic sense, that is the time to forge ahead and welcome whatever risks you are required to accept. To me, risk is simply a four-letter way of spelling opportunity.

I’ve asked myself many times, am I being foolhardy by throwing caution to the winds? Do I embrace risk because of some kick or adrenaline rush I get by living on the edge? No, actually, not at all. I have found that in real estate, as in real life, all risks must be weighed and measured carefully. From the stories I present on the following pages, you will see that I have been blessed by such opportunities many times over the course of my

60-plus year career. In reflecting back, I can honestly say that I derived the most pleasure and satisfaction, not from eventually owning and operating whatever properties we acquired, but rather in the risky process of navigating all the twists and turns of the deal that got us there. That was, and continues to be, the true fun part for me and even though we didn't always emerge successful, the lure and excitement of that risky road always kept me coming back for more.

So, just as the journey is the destination, I can honestly say that in my experience, the rewards have been worth the risk. It is the sharing of this point-of-view that has prompted me, among other reasons, to record the following life episodes assembled on these pages.

This is essentially a book filled with personal memories, stories chronicling an assortment of my life's unexpected and sometimes amazing adventures. While most memoir books are usually organized into chronological chapters, this book is different. Each chapter here is meant to stand on its own, independent of the others. Although they all share a common thread that connects them, you are invited to read these chapters in any order you choose. Each one is designed to recount an encapsulated event and does not require your having read any prior chapters to follow the storyline.

While some chapters recount amusing incidents, others are testaments of tragedy. And, just like real life, they don't come at you in any particular order. Before embarking, however, you may want to make Chapter One, titled *The Foundation*, your starting point. *The Foundation* provides a brief background timeline about my life's journey. By acquainting yourself with the *Foundation* chapter, you will be able to place the events in the ensuing chapters into their proper context.

I've tried to model this book on the structure of a high-rise apartment building or possibly a hotel. After coming in on the ground floor (*The Foundation*), you're then free to get on the elevator or climb the stairs and get off on any floor you choose. The *Building Directory* (Table of Contents) in the front of the book should help you decide where to go next. No matter what floor you get off on, I'm confident that you'll find something there that will amuse you, move you, or even enlighten you.

Why I decided to build this literary high-rise at this particular time of my life is really quite simple. The ancients built the Pyramids and Stonehenge and the Taj Mahal for one reason. They wanted to leave something behind that would endure. That's what I want to do as well, but not with massive monuments such as those. That's not my style. I would rather build an enduring record of my life for the people I care about most.

I'd like to know that long after I've been laid down into that same earth I've built upon so often, that my great-grandchildren, for example, will be able to pick up this book years from today and learn something about who I was. I hope they'll discover some of what their great-grandfather believed about risk and reward, and will gain some insight and understanding of how I've lived a life that, in turn, has had an impact upon them.

Secondly, my stories are also written for my friends and colleagues, as well as the occasional stranger, who may get a chuckle from some of the more humorous segments, as well as an education about the trials and tribulations of a developer's life.

And, there also exists a third major reason I decided to write this book. The world I live in today is very different from the world of my ancestors, my grandparents and even my parents—yet I feel intimately connected to their history. But, alas, we have no first-hand diaries or journals. I have been able to weave together only the barest threads of some of the events of their lives. Other than a few newspaper articles written about the Mayer Brothers and my grandfather, Fred Pizzo, there are no first-hand journals, diaries or personal correspondence to speak of. I was, however, able to locate the names of family members on ship passenger lists documenting their journey to America from Europe.

As I read the ship logs containing my ancestors' names on the manifest, I could visualize them leaving their homeland behind, crossing the Atlantic, and settling in an unknown world with an uncertain future. Even in the absence of any written records, I can picture them in my mind's eye, carrying all of their worldly possessions, small children in tow, trudging down the wharf as they became absorbed into the noise and congestion of late 19th century New York City. It is a powerful vision that conveys only a fraction of their dauntless pioneering spirit. How much I would enjoy reading or even listening to their personal stories as passed down through an oral history. All of us today—me, my

children, and my children’s children—are their future generations and we are the beneficiaries of their bravery.

I came from modest beginnings, starting as a young construction worker earning one dollar an hour, and eventually was fortunate to enjoy the recognition as one of the nation’s major multi-family housing developers. I have been the architect as well as the developer who took the risks, brought the deals together by securing the land, arranging the financing and putting the thousands of pieces into place to complete the final project. As the years roll by, the homes, the buildings and the hotels I’ve built may outlive me. But those structures will not endure forever—they’re only made of clay. But this book is here to stay.

Like everyone, I hope that the legacy I leave to my family will allow my children and their children to live richer and more contented lives. But beyond that, it is my hope that this memoir will form a bridge connecting us across generations through the sharing of our genealogical history with our ever-expanding family tree.

Just as my grandfather, Lorenz, and his brothers, Louis and Conrad, my great-uncles, followed their father into business, I too am heartened to observe that an ensuing generation of the Mayer’s lineage has chosen to follow my path into this industry. I extend my family mantle to them and rejoice that they share my life-long affection for this work as they continue building upon their success. While I still take an active part in the management and growth of our company—a pursuit that was all-consuming over the past 60 years—the pace has now slowed and it permits me a bit of time to reflect. I have dearly loved what I’ve done over my career as a developer and have never considered it to be work. From Baltic Avenue to Boardwalk, my life on the Monopoly board has been more like a grand game I have always enjoyed.

This introduction is about the only place in this book you’ll find any sort of philosophizing. All the other chapters were written to give you a down-to-earth glimpse of my life and times. Just as with any building project, a book project also comes with its share of risks. “What if no one reads it?” “Will my family and friends enjoy it?” It’s another throw of the dice. With a building project, measuring success is a straightforward and simple matter. Is the building fully occupied? Does it generate sufficient cash flow to jus-

tify the construction costs? But how will I know if I should count this book as a success or not? I've concluded I'm not going to wait for it to appear on the New York Times best-seller list before making this judgment. Actually, the success or failure of this book project all depends upon you. Or, to put it another way: "My life is in your hands." If you come away with a heightened appreciation of our family's amazing ancestors; if yo **Deleted:** the chuckle or two in what I've written; if you find my tales of triumph and tragedy to be engaging and informative, then I will honestly be able to say that the reward was worth the risk.

And, finally, as with any development project, the best prize is the process. The very act of writing these stories has allowed me to reflect upon my own past and has provided me with fresh insights into understanding my own life's journey. Moreover, sharing these stories with you has given me a chance to strengthen the structure of our family tree as I learned about our predecessors upon whose shoulders we all stand. And this, to me, has been the greatest reward of all.

Bob Mayer
Newport Coast, California
Spring 2008

Chapter One

THE FOUNDATION

“Come and grow old with me, the best is yet to be.”

— *Robert Browning*

Welcome to my world. As I explained in the introduction, this is the chapter where you “get in on the ground floor” of my life. The episodes you will explore in subsequent chapters should be regarded in the context of the overall course of my life’s voyage. They are my personal memories. This chapter, then, is a short roadmap for that journey or, if you prefer, the foundation for the structure that is to follow.

The “Ancestry” section at the back of this book recounts my family history before I arrived on the scene. I urge you to have a look, especially if you are a member of our family by blood or by marriage. Introducing you to our proud heritage is one of my primary purposes in sharing these memories. But even if you are not a family member, you will find the story of the Mayer Brothers, for example, to be an uplifting and exciting embodiment of the American Dream. To understand who *I* am, I feel it’s helpful to become acquainted with those who went before. You may discover a bit more about who you are in the process. But for now, this chapter starts with a little bit of personal history about my life.

I was born in 1926 in Madison, Wisconsin, the only son of Bertram Joseph Mayer, of German-Austrian descent, and Benerita (Betty) Pizzo, the daughter of Sicilian immigrants. My sister, Dolores, came along a few years later. Shortly after I turned eleven, because of mother’s health, our family moved from Madison to the warmer and dryer climate of Los Angeles.

Upon graduation from Huntington Park High in 1944, I enlisted in the Army Air Corps in hopes of becoming a pilot and serving my country in the war effort. Shortly after my tour of duty ended in 1946, I returned home and entered community college. I later met and married Marceline (Marcie) Ann Correa, a 19-year old daughter of a Portuguese

immigrant and my sister's co-worker at a Los Angeles Bank of America branch. For our first home, Marcie and I rented one of the tiny apartments my parents owned in Huntington Park. We later moved to, and managed, another of my parents' properties in Lynwood.

Soon a baby was on the way and I left school to find work. By this point my father, a trained engineer, had found employment designing heat exchange systems with the C.F. Braun engineering firm in Alhambra, where I also found work during the first few years of our marriage. It wasn't long after our daughter Linda was born in 1949 that I lost my job at Braun and was again on the hunt for new employment. That hunt led me to an opportunity that would alter the course of my life forever.

During this critical phase, there were three stalwart men who each had sufficient faith in me to provide me with the "leg up" I needed at the time. Collectively, their confidence in me provided the ballast that launched my career in construction and real estate development. I have been, and will forever be in their debt. The first of these men was my father.

Dad had saved a bit of money and, hoping to cash in on the post-war housing boom, decided to invest in a small apartment building in Lynwood. He contacted a man named Claude Howard, owner of Howard Construction Company, who had built a number of such buildings for various owners. My father and Claude successfully negotiated a deal, but not before the builder threw in a "sweetener." He agreed to give a job — at \$1 an hour — to the buyer's destitute out-of-work 23 year-old son ... me!

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In the years that followed, Claude, the second of the stalwart men I mentioned, became my boss and trusted mentor as I received valuable on-the-job training. a **Deleted:** great many complex ins and outs of the construction business. I spent the early 1950s working hard, pushing wheelbarrows, and was caught up in an ever-expanding apprenticeship that soon introduced me to the fast-forward world of real estate development. In a few years I became the company's general manager. I also acquired a broker's license and successfully sold a number of the properties that contributed to our company's status as the largest developer of apartment buildings in the Los Angeles area.

By 1955 I felt that I had enough experience under my belt to strike out on my own. I was headstrong and convinced that I knew all I needed to know about construction and

the real estate game. By this time Marcie and I were the parents of three children and I soon discovered that there was one very important thing I did not know: Where to get the start-up capital to start my own business.

I decided to set up shop in the garage of our little house in Whittier, and succeeded in getting some small home remodeling jobs, kitchen modernizations and the like. As long as the homeowner paid me on time, I was able to pay my sub-contractors in turn and we managed to eke out a small living. But amassing enough cash to buy land or launch a new construction project was still out of the question. Despite my lack of a bankroll, I kept my hopes high and my eyes open for attractive opportunities, and in 1956 I found just the one.

Open land was plentiful in L.A. in those days and the demand for low-cost housing seemed unlimited. An ideal lot in Lynwood, perfect for a two-unit duplex, became available for \$3,500. I had the knowledge, the experience, and the foresight to recognize this as a terrific opportunity. What I did not have was the \$3,500. That's when I turned to Johnny Nisser, my neighbor and the third of the stalwart men who demonstrated their faith in me early on. Needless to say, this successful deal marked the beginning of a prosperous friendship and business relationship that has endured to this day. It also marked the full-fledged launching of my first business venture outside of remodeling by the Mayer Construction Company.

By the 1960's I had earned the title of the largest apartment developer in Southern California, but this time it was different. I was an entrepreneur, not a manager working for someone else. During the rest of the decade, Mayer Construction took on larger and larger building projects, including a hotel in Palm Springs. That job led to my lifelong love affair with the desert resulting in our decision to purchase a Palm Springs condo there. In the decades that followed, I continued to yield to the arid lure of the desert via active membership in various Country Clubs such as the Springs and Morningside in Rancho Mirage.

With Marcie at my side rearing our children, handling the bills, the accounting and payroll, Mayer Construction prospered and we decided to relocate our family from our small Whittier garage. What started as a "mama-papa" operation soon took on the trappings of a "real" business when we opened our first office in Downey in 1959, and soon became accustomed to dealing with the substantial risks associated with the construction

business. In fact, I began to view such risks as an integral part of our enterprise and, rather than dread, I began to welcome them. Fortunately, and more often than not, the rewards we collected exceeded our expectations and kept us coming back for more.

As a result of our hard work and the blossoming prosperity we were beginning to enjoy during those years, Marcie and I indulged in the purchase of some grown-up toys such as sports cars, boats and private planes. We deployed them to create some very special good-time family memories including a run-in with a massive steamship during one unforgettable boat cruise off of Catalina Island.

It was also during this period that our success gave me the needed confidence to consider some more adventuresome business ventures. For example, in 1965 some buddies and I hatched the notion that we could establish a state lottery in Nevada as lottery fever was starting to sweep across the country. This unsuccessful foray convinced me to stick to the business I know best.

In 1967, Marcie and I flew to our special retreat in the Palm Springs desert for a get-away weekend. By the time we were to return home, a storm had blown in and Marcie opted to drive back to Downey on her own while I flew back. Tragically, Marcie was fatally injured after her car inexplicably drove off a high overpass in Colton, California. The loss of Marcie, just at the point we were reaching the sweet spot of our lives, was then, and remains today, the most unbearable experience in my memory. But, as it must, life moved on.

Almost four years would pass, when in 1971, my attorney, Al Fink, introduced me to a wonderful young lady who was working at a bank at the time. After a false start, Mary Ellen and I began dating and within a year were married. This juncture marked the end of my extended mourning period and, with Mary Ellen at my side, enabled me to enter a truly golden period of my life — both personally and professionally.

Also about this time, I partnered with a newly-formed REIT (real estate investment trust) to establish a chain of some of the very first “extended stay” hotels in the country. The first of these pioneering Ambassador Inns was built off the Strip in Las Vegas. The venture nearly went up in smoke when a construction fire demolished the 343-unit complex just as it was being framed. Fortunately, we pulled through and eventually wound up

building twelve Ambassador Inns, containing over 2,600 units, in twelve different California, Nevada, and Arizona cities. In the late 1970s I struck a deal with the REIT and wound up as sole owner of the successful chain.

After a few years, I decided again to re-focus my professional life by devoting all of my time and energy to the construction and land development business. I decided to sell off all the hotels in the Ambassador chain to individual investors — almost all of them, that is. I surmised that the original Las Vegas Ambassador enjoyed great future profit potential and decided to hang on to it. And it was through this avenue that I somewhat reluctantly found myself in the role of a licensed Las Vegas casino operator during the 1980s.

After years of securing financing for various building projects, I had gained an appreciation for the advantages of being on the other side of the loan committee table. I decided to leverage some of my financial equity and in 1979, I helped to co-found Metro Bank. The bank focused primarily on new business development and was successfully sold to Comerica Bank in 1996. I also became involved with another business bank, Prime Bank, which was recently sold to East/West Bank based in Southern California. While I certainly enjoyed and profited from my forays into the financial services zone, I would invariably miss the rough and tumble of the real estate development world.

It was also around this period that I acquired an interest in the Waterfront property in Huntington Beach that would play such an important role in my business activities during the 1990s and beyond. 1980 was the year I sold off most of the assets, including the name, of the Mayer Construction Company to renowned Canadian financiers, the Belzberg brothers, and began what I thought would be a time for me to slow down and relax, but that was not to be. After a few months of retirement, and with little improvement in my golf game during this unusual transition from my normal active life, I felt idle and so began to devote some of my extra energy to a few real estate ventures and then a great deal of time in my negotiations with the City of Huntington Beach regarding the Waterfront project. I felt strongly that the City was ready for a renaissance and that our property could be the catalyst that would elevate Surf City, USA to the crown jewel of Southern California. The trick was convincing the city leaders to invest in my dream.

To accomplish all this required starting up a new business. Since I had sold the name of my previous enterprise, Mayer Construction, as an asset of the company, I had to now rename my new venture. I decided to call it: "The Robert Mayer Corporation." Although it didn't quite describe the business, it was an accurate name since I was at that point pretty much running the operation myself.

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By 1985 I was joined by Steve Bone, as Operations Director of The Robert Mayer Corporation. Steve shared my vision of bringing a world-class destination resort complex to life along Pacific Coast Highway. Our first priority was to tackle the Waterfront development in Huntington Beach in earnest. At about that same time we also decided to remodel the Ambassador in Las Vegas and add a small casino that we inherited after the casino operator was unable to carry on its management. We had named the casino "La Mirage," and this fact led to negotiations with famed Vegas impresario, Steve Wynn, over the use of the Mirage name. The outcome was truly a Wynn-win situation.

Thanks to over twenty-five years of diligent effort, we finally came to terms with the city of Huntington Beach relating to the development of the 50-acre Waterfront property. During the course of the 1990s, we were able to construct and operate the 300-room Hilton Waterfront Beach Resort along the beachfront. The project also includes 25 acres of luxury condominiums, the 184-unit residential communities of Sea Cove and Sea Colony. By 2003 the project was enhanced by the opening of the magnificent 517-room four-star Hyatt Regency Resort and Spa. The Hyatt is home to the largest oceanfront conference facility in California. A third hotel is being planned and final development of the Waterfront project should wrap up in 2011, after over thirty years of planning and development.

From a family standpoint, the 1990s were both the best of times and the worst of times. I took great joy in watching the growth of my children's families and the arrival of the first of my great-grandchildren. Likewise, the first twenty years of my marriage. Mary Ellen had been wonderful, however, by the mid-90s we had grown apart and I watched with sadness and dismay as our relationship unraveled. As the millennium came to an end, so did our marriage. Our divorce was granted in 2000 after a three-year separation. The stress during this period may have had some effect on my health. In 20

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derwent 6-way bypass cardiac surgery. Happily, the operation was a success at **Deleted: a**
 wards I felt terrific. Over time, I also succeeded in transitioning my marital relationship
 with Mary Ellen into an enduring friendship that lasted until she passed away in 2005 at
 the young age of 68.

At age seventy-five and single again, I felt like a young man, and read **Deleted: -**
 conquer the world. It was then that Maya walked into my life. On the dance floor, **Deleted: -**
 our first date, I had an epiphany: “My goodness,” I said to myself, after getting to know a
 little about Maya during dinner, “This bundle of dynamite could have a profound influ-
 ence on the remaining years of my life.” We share many of the same values and enjoy a
 high level of compatibility. She has brought me into the electronic age, and today, at the
 age of 82, I feel I’m growing younger as I grow older. I have learned to surf the Internet
 and because of her, enjoy many of the digital benefits of this computer age. I am apprecia-
 tive of her encouragement in expanding my horizons and for her invaluable influence in
 the creation of this book. After several years of constant companionship, Maya and I mar-
 ried on the island of Maui in October of 2006.

So, there you have it in an over-sized nutshell. The timeline of my years...so far.
 Years filled mostly with blessings, for I do count myself as a very fortunate man. Through
 the years I have been blessed with relatively good health, a wonderful family, good friends
 and the joy of intensely loving my work. As a result I have no intention of withdrawing
 from the arena of life just yet. I still join my son and grandson when I report to work at the
 offices of the Robert Mayer Corporation in Newport Beach. And there’s no reason to be-
 lieve that I will stop collecting amusing vignettes and true-life anecdotes over the coming
 years.

Armed with this chapter’s foundation, you are now prepared to place the memo-
 ries that follow into their proper context. Please understand that what you’ve read so far is
 merely preamble. A setting of the stage, if you will. In the episodes that follow you will
 meet and get to know the many people mentioned in this chapter whose lives were, and in
 many cases still are, so deeply intertwined with my own. I’m confident that you’ll find
 these stories entertaining and, perhaps at times, amazing and uplifting. And, some are also
 quite humorous.

I believe that there's very little risk, and ample reward, in your reading of maining chapters of this book. So, ~~I invite you to~~ do as the poet Robert Brown- gests: "*Come and grow old with me. The best is yet to be.*"

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THE BUILDING OF A BUSINESS

Chapter Two

THE RENT MAN COMETH

“A man builds a fine house; and now he has a master, and a task for life; he is to furnish, watch, show it, and keep it in repair, the rest of his days.”

— Ralph Waldo Emerson

The year 1950 saw the establishment of the Kefauver Committee to investigate organized crime in America, the Great Brinks Robbery in Boston, and Deleted: break of a shooting war in Korea. But as stories of these and other world events filled the pages of the L.A. Times, I remained focused on my new duties at the Howard Construction Company. I was given the job as part of a real estate deal my father had worked out with Claude Howard, my new boss, and I was hard bent to prove my salt. I was earning the princely sum of \$1 per hour and my job description could pretty much be summed up in a single sentence: “Do whatever the boss tells you to do.”

The Howard Construction Company was, as the name indicated, in the building business—primarily apartment development across southern California. Los Angeles County, along with the rest of the nation, was undergoing a post-war housing boom that was not going to be defused by the Korean conflict or anything else. Urbanization was progressing on a grand scale as America’s cities swelled with an unending population influx — flowing mostly from the country’s rural areas. From 1945 to 1950 the population of Los Angeles rose by nearly twenty percent. Affordable housing was the order of the day and Claude Howard was there to fill that order.

I soon found myself serving as Mr. Howard’s gopher, although I sometimes felt like more of a pigeon. I didn’t mind, I told myself, because every day I was learning more of the ropes. I learned how to obtain permits, how to get the best deal from vendors, how to select reliable sub-contractors and, of course, how to actually produce well-built apartment projects as cost-effectively as possible. Claude Howard was twenty years my senior and knew his stuff. I counted myself as very fortunate to be able to gain such a valuable

education from him. Eventually, Claude introduced me to no-lien contracts and all of the intricacies of the building trade.

Little by little, Claude increased my scope of responsibility and before long I was handling many of the day-to-day construction duties on my own. The assignment I received that summer of 1950, however, was something completely alien and unexpected. And one that would dramatically shape my life and my career.

In addition to being a tradesman, a teacher, and a talented businessman, Claude was, above all else, a compassionate and caring man. When he learned of the availability of some low-cost vacant lots, stretched across a mile of industrial tract in a section of L.A. known as Watts, he immediately recognized the inherent opportunities. By acquiring the lots and erecting low-cost rental units, he would be providing housing for those most in need. At the same time, if the apartments were properly managed, they would provide a steady income stream for the company.

The 50 by 125 foot lots were located along 108th Street between Avalon and Central Avenues; areas surrounded by flagging factories and light industry, that had, for the most part, fallen into disuse after the war. In addition to the bargain bin price tag of only \$600 per lot, we were able, in those days, to obtain a building permit in under two hours, instead of the typical two years of waiting required to obtain a permit today. Of course, today it would be unthinkable to even apply for a residential building permit for an area zoned for industry — unless the neighborhood had been targeted for “gentrification” by the army of urban planners who, in those days, occupied the mayor’s office. But in 1950, it was wide open and “anything goes.” Zoning considerations were not given a second thought as communities did all they could to promote new home construction.

In no time at all we had gotten underway, building either four or five units on each 50-foot lot. Sometimes Claude was able to purchase three adjacent lots and we would erect from twelve to fifteen units on such a “super-site.” Over a period of two years, we constructed twelve free-standing apartment buildings comprising 120 new housing units. Once we began placing them on the market, we soon were delighted to discover that they were a smash sell-out!

No one had seen new housing go up in this area for generations, so the project enjoyed widespread attention. The fact that the apartments were located in an industrial section of town did not diminish their appeal. As soon as the buildings were ready and a “Now Renting” sign was erected, prospective tenants stood in line for hours, just for a chance to rent one of these shiny new units.

After the first apartment building was completed, Claude soon realized that constructing and leasing out these units was one thing, but effectively managing them was quite another. That’s when he called me into his cramped office.

“Bob, we’ve got all the Watts apartment buildings ready to rent,” he began.

“Yes, sir, I know,” I replied. “That’s great.”

“It sure is, but now we’re going to have to hire someone to manage them,” he explained.

“Manage them?” I asked.

“You know,” Claude said. “go around and collect the rent each week. Stuff like that.”

“That’s no big deal,” I shot back. “We don’t have to hire anyone extra. One of our people could do that with no problem.”

“We’d need somebody honest and responsible,” Claude admonished and then walked around his desk looking pensive. “And I think I know just the guy.”

“You mean...?” I was afraid to finish the question.

“That’s right, Bob,” he said with a broad grin. “you’re going to be our new rent collector. You’ll go door to door every Saturday and collect all the rents and then bring them in here on Monday morning.”

This would add an extra day to my work week and I sure could use the extra cash, but I really had no experience at this sort of thing. I was a builder, not a door-to-door salesman, I told myself. But it didn’t take long for me to admit that all my reservations didn’t matter one bit since I was not about to say “no” to the boss.

“Sure thing, Mr. Howard,” I chirped. “When do you want me to start?”

The following Saturday I began my pavement pounding rounds and soon became affectionately (for the most part) known as “Mr. Bob, the Rent Man.”

At first, the job was a trivial one. After all, we only were operating one small building with a handful of units. The whole affair took me twenty to thirty minutes each week. But two years later, with 120 doors to knock upon, it took me the better part of a full day to make it all the way around the neighborhood.

Weekly rents ranged from \$13 for a one-bedroom to \$17 per week for a two-bedroom unit. Each week I learned a bit more about the living habits of our tenants. Most were working class, blue collar and almost all collected their weekly paychecks on Friday. Collecting the rent, therefore, on Saturday made sense, because by Sunday morning, a good portion of those paychecks had been consumed. The rent was easily affordable and still provided an adequate return on investment for Claude who had expended about \$10 per square foot in building the apartments. To give you some basis of comparison, similar apartments today would cost roughly \$80 per square foot to build and fetch between \$800 and \$900 per month.

As I trudged from door to door, my swelling collection envelope in hand, I soon garnered a whole library of often inventive excuses as to why the rent money was not going to be paid this week. Some of the more popular entries:

“My auntie died back in Alabama and I needed the money to take the family to the funeral.” I was amazed at how many sickly old aunties some people seemed to have.

“My kids got sick and I had to pay the doctor.” This was before the advent of Medicaid.

“My car payment was due and I had to pay the repo man.” Evidently he was more intimidating than I was.

“You know, I had the rent money for you here this morning, but now I can’t seem to find it.” This excuse was often accompanied by the sounds of tumbling dice in the background.

Most tenants didn’t stay behind in their rent for too long. All it took was a reminder that there were at least five other families ready to jump into their apartment if they did

not make things right. Those who simply couldn't manage to scrape together the rent, would usually slip out in the middle of the night, leaving behind a trashed apartment and no forwarding address. We soon began demanding an up-front damage deposit from all new tenants.

While I was certainly not the most welcomed visitor for whom our tenants opened their doors, and despite the fact that I at times was required to be firm and direct, I always tried my best to treat everyone with respect and courtesy. I addressed everyone as Mr. or Mrs. and tried to remember the names of each family's children. I saw myself as a representative of the landlord and I attempted to always conduct myself in a professional manner. As a result, I feel, I earned the respect of the residents. I'm pleased to say that for the duration of the time I pounded this beat, I never experienced a single security problem — even though, by the end of the day, I was carrying around about \$2,000 in cash in one of the roughest neighborhoods in L.A.

Eventually the reality of this situation began to take its toll. Being the Rent Man, on top of the expanding scope of my regular responsibilities, was becoming more and more of a chore. After three years, my position in the company, as well as my confidence level, had risen sufficiently to allow me to request a meeting with Claude.

“Mr. Howard, I've been collecting the rents in Watts for three years now,” I stated, “and it's starting to get to me. I've got a family now and I'm nervous about carrying all that dough around that neighborhood every Saturday.”

“I can understand how you feel, Bob,” Claude said sympathetically. “Have you had any trouble?”

“No, sir. Not a bit.” I responded. “I've been lucky and I try to be careful. It's just that I think I can be more useful doing something else. And besides, Marcie wants me around the house on Saturdays.” By this time I had earned a few pay increases so my financial needs were not as urgent as they had been three years earlier.

Claude was disappointed and he said so, but in the end, he understood how I felt and agreed to hire someone to replace me. After a two-week search, he located two off-duty detectives from the 77th Street police precinct located a few blocks from the apart-

ment complex. The following Saturday I went on my rounds with the two detectives, introducing them to the tenants as the new rent collectors and saying my farewells. I had grown close to a number of the families on my route and some of these good-byes became emotional. Finally, at the end of the day, I hung up my “Mr. Bob” hat and said good-bye to being the neighborhood Rent Man. And, as things turned out, just in the nick of time.

The following Saturday — the day the two new Rent Men made their first collections — was a true day of infamy. Claude phoned me at home just as I was starting in on some overdue yard work. He instructed me to meet him right away over at the 77th Street police station. Once I arrived, I spotted Claude shaking his head as he listened to the two rent-collecting detectives, both wrapped in blankets, as they recounted their sad tale:

“We had just finished collecting at the last stop and had about \$2,000 in the envelope as we got into the car. We stopped at a traffic light at 108th and Central when two guys ran up to the car and put their guns to our heads. They got in and commandeered the car. One of them drove while the other held a gun on us in the back seat. After a few miles they pulled into an alley where they had evidently pre-arranged to meet the rest of their gang. They told us to get out and then proceeded to take everything we had. The money, our guns, our car, our wallets, our badges, and even our trousers. They didn’t hurt us, but boy, we had a heck of time getting back to the station without our pants.”

On top of taking a serious financial loss, Claude was faced with another problem since the two police detectives decided on the spot that they had had enough of rent collection and turned in their notices. Fortunately, Claude succeeded in finding two other officers to replace them and the collections continued smoothly.

I learned, some time later, that in order to convince them to take the job, Claude was required to pay the off-duty cops considerably more than the flunkey wages he had been paying me. This is what we used to call a “Hazardous Duty Bonus” back in the service. Fortunately, during my duty round, I must have enjoyed an “angel on my shoulder,” because I was never once intimidated, threatened, or harmed. This, despite the fact that every person living in those apartments knew who I was and understood that I carried large sums of cash around every Saturday.

I don't think I'm flattering myself too much when I say that my demeanor contributed to the fact that I operated in safety for over three years. I'm not suggesting that the two replacement cops were robbed on their first day because they acted disrespec **Deleted:** on the job anyone. But I do believe that I managed to build up a relationship based upon trust and respect among the residents and this fact served to shelter me from harm as I **Deleted:** I called upon mean streets of southwest L.A.

Claude eventually tired of being the landlord and decided to donate the apartments to a local Baptist Church, enjoying a substantial tax write-off for this magnanimous charitable contribution. Some ten years later, on August 11, 1965, on a corner not far from the apartments, a California Highway Patrol motorcycle officer pulled over a drunk driver and sparked one of the worst urban race riots in American history. When it was all over 34 people had been killed and over 1,000 injured. Also, over 1,000 buildings across Watts were destroyed. Sadly, these included some of the 120 rental apartments built by Claude's company in the 1950s where I had served for three years as Mr. Bob, the Rent Man.

Chapter Three

JOHN NISSER A TOWERING CEDAR

“A friendship founded on business is better than a business founded on friendship.”

—John D. Rockefeller, Jr.

The ancient world cherished the mighty cedar trees of Lebanon whenever it came to matters of construction. The prized cedar logs were used to build ships by the Phoenicians, tombs by the Egyptians, and by the Israelites to construct King Solomon’s Temple in Jerusalem. They unquestionably stand as the world’s oldest known high quality building material. It is fitting, therefore, that my own career in construction was helped thanks to one man I consider likewise to be of the highest quality—a true cedar of Lebanon, my best friend, Johnny Nisser.

I met Johnny in early 1950 when Marcie and I moved to Lynwood where we managed a six-unit rental property that my parents owned. Johnny and his wife, Rosalie, bought a three-unit building right next door to us that they likewise lived in and managed. Although Rosalie and my sister Dolores went to high school together, since I was a couple of years older I really never knew Rosalie until she married Johnny and we all became neighbors. As struggling landlords, we had much in common and we soon became fast friends and shared much of our time together. Our families became so close that

Deleted: became

named godparents to their daughter, Denise, and they served as godparents to our

Deleted: were

There were many times, in the cool of the evening, when John and I would relax around the kitchen table stirring our dreams and ambitions along with our scotch and soda. “There are so many housing opportunities popping up around here,” I would often point out to Johnny, “that any man who’s willing to work hard could make a killing.” Johnny would always respond by voicing his confidence in me.

“Well, why not you, Bob?” he would offer. “You’re a licensed contractor. You’ve got the construction experience. You’ve made a lot of money for Howard. You could do the same for yourself someday.” Someday was about to arrive.

As I continued cranking out the bathroom and kitchen remodeling jobs over the summer of 1956, I heard about a parcel of land that had come on the market that might just be the ticket I was looking for. It was zoned to allow for the construction of a two-unit building and could be purchased for \$3,500. While this price was certainly attractive, it was still more than I had available. With some trepidation, I decided to call upon Johnny.

“If you could loan me the \$3,500 to buy the land, I’m sure the bank will give me enough to cover the construction of the duplex,” I explained. Johnny listened and nodded.

“It will take me six months to build it and then we’ll put it up for sale. I know we’ll turn a good profit.” I next laid out a plan that would form the basis of our business relationship and would be replicated countless times over the many real estate deals we put together over the coming years:

“Once the duplex is sold and the bank is paid off, you’ll get back your \$3,500 in full and we’ll split whatever’s left.” That was it. Sweet and simple. Johnny nodded thoughtfully and responded with “Okay, Bob. Let’s do it.” He filled out the check right there on the kitchen table and handed it to me.

The project was a success and it became the first speculative business venture of the Mayer Construction Company. As I had projected, the duplex was finished Deleted: T months and sold immediately. After paying off the construction loan, we had earned a \$5,000 profit above our original \$3,500 investment. Johnny received half, a return of \$2,500 in under six months for having invested only \$3,500. That equates to an an Deleted: investing return of over 140%! Not surprisingly, my friend was impressed and delighted. Deleted: for only six months

My situation was even more positive. I had invested nothing, other than my “sweat equity,” and pocketed a cool \$2,500. All of my kitchen table philosophizing about grand opportunities in the real estate business had been proven correct and both Johnny and I understood that we were standing on the verge of something big. We immediately set to

work figuring out how to best duplicate our initial success. It was the beginning of a long and prosperous business relationship that has endured to this day.

During the years I ran Mayer Construction Company, whenever I encountered a downturn in the construction industry and money got tight, I knew I could always depend upon Johnny. Time after time, he provided unsecured loans that would help get me through those lean years. All I had to do was make a phone call, and Johnny was there on the spot. But who is Johnny Nisser? His life story is a fascinating and inspiring one. It deserves to be told.

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John Nisser and I were both born in 1926 — a mere ten days apart. But we entered the world on opposite ends of the Earth. The town of Batroun, [Lebanon](#) where John was born and raised, some fifty kilometers north of Beirut, has perched on the [sunny](#) [ranean](#) coast since the days of antiquity. Nestled in the foothills of Mount Lebanon, Batroun’s sandy beach-rock has been used as a quarry since the town’s founding by the Phoenicians. From that rocky soil, John emerged as an educated and tough Maronite Catholic just as the war in Europe engulfed North Africa. As a Christian, and fluent in Arabic, French, Spanish, and English, John was recruited by the British forces in Lebanon and soon sent to serve under Field Marshal Montgomery, first as a translator and then as a disbursement officer.

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Shortly after the war, an unexpected event in faraway Los Angeles took place that would change the course of John’s life forever. The event was recorded on the obituary pages of the Los Angeles Evening Herald Express under the headline: “Wife of Herald Express Founder Succumbs.”

The wife in question was Johnny’s aunt who had, many years before, sallied forth from Batroun to escape the ongoing Islamic persecution Maronite Christians had endured there for centuries. She made her way to the United States during the late 1920s where she wed the son of a newspaper publisher. The Evening Herald Express had been founded in 1871 and, by the 1920s, was one of the more than a dozen broadside tabloids that catered to the working classes of southern California. Late in that decade, newspaper tycoon J. Randolph Hearst arrived in Los Angeles determined to consume the newspaper business, just as he had done in San Francisco and New York.

In 1931 John's aunt and her husband sold their interest in the Express to the Hearst syndicate for an attractive sum. Hearst operated the paper for the next thirty years until it was merged in 1962 with the L.A. Examiner, a morning newspaper, to form the Los Angeles Herald Examiner, which came out in the afternoon. This move created a vacancy that was soon filled by the Los Angeles Times, the city's only surviving major newspaper today.

When John's aunt passed away in 1947 her will stipulated that a part of her **Deleted:** the family estate be directed to her family back in Lebanon. Her attorneys made contact **Deleted:** family and requested that a representative be sent to Los Angeles to help carry out the settlement of the estate. Since John was single, in his early twenties, and spoke English well, he was elected by the family to represent them during the probate proceedings.

John had faced Rommel's forces in Lebanon, but nothing in his experience had prepared him for wrangling with American lawyers in the wilds of L.A. County as they sorted out the estate of his late aunt and the publishing interests she had left behind. Despite his youth and lack of experience, John comported himself with aplomb and succeeded in fairly distributing the inheritance to all the proper parties.

During the course of the proceedings Johnny discovered that he had not only fallen in love with America, but that he had also fallen in love with one very lovely American lady named Rosalie Barhoush. John and Rosalie were soon wed and became our Lynwood neighbors. Although John and Rosalie would travel back to Lebanon occasionally, Lynwood became their permanent home. John used the inheritance money he retained to purchase a small grocery store in Bell Gardens that he wound up operating successfully for many years. They moved to Downey at about the same time we did and as our family grew, so did John and Rosalie's. Their three daughters, Alanna, Denise and Mary Lee grew up side-by-side with our three kids, Linda, RJ and Mike, and his daughters continue to refer to me as "Uncle Bob" to this day.

John has always been quick on the uptake. After our initial joint venture described earlier, it didn't take him long to appreciate the upside potential of apartment building development in Los Angeles. He quickly jumped into the game on his own and, over the following years, built and operated numerous highly successful rental properties.

During the decades of promise and prosperity that John has witnessed in America, he has never forgotten his Lebanese heritage and his devotion to the Maronite Church. This lifetime of devotion was recognized in 2007 at the annual St. Maron's Feast Day celebration, held at Our Lady of Mt. Lebanon Cathedral. Following the liturgy, and before 700 guests in the Grand Ballroom of the Biltmore Hotel in downtown Los Angeles, Johnny was awarded the Lifetime Achievement Award by his church for his many contributions to the Maronite community. Throughout his life, Johnny has continued to channel financial support to his home church, St. Stephen's, back in Batroun and has donated generously to the poor and needy throughout war-torn Lebanon. Countless Lebanese transfer students coming to L.A. have been housed free of charge in one of Johnny's apartment buildings for the duration of their studies. His generosity to youth summer camp programs and other Catholic charities is something only his closest friends know about since, in keeping with his beliefs about modesty and humility, he prefers to make such donations anonymously.

Like many who have come through the crucible of immigration, Johnny is a firm believer in the virtues of hard work. While some might chalk his success up to luck, and perhaps his initial inheritance could correctly be considered a lucky break, Johnny sums it perfectly when he proclaims: "In America, the harder I work, the luckier I get."

Certainly luck — both good and bad — played a key role in one of the most memorable of many stories Johnny recounts about the days when he, like me, worked as a door-to-door rent collector at one of his housing projects.

Johnny had just finished making all the collection rounds and had stuffed the day's receipts into a black bank bag that he set on the rear seat behind him as he drove straight from the property to the closest Bank of America branch. He pulled his car into the parking lot directly behind an old junker. He didn't pay much attention to the fact that the driver of that car, along with two very agitated passengers, was desperately trying to get the ignition to turn over but having no luck in doing so. Just as Johnny put his car into "Park" and was reaching into the back seat to grab the black bag, he came face to face with a blunt-nosed Saturday Night Special in the firm grip of a hand stuck angrily through the passenger side window. He looked up to see that the driver of the uncooperative vehi-

cle was clutching several bags stuffed with cash in his other hand. His partner, equally laden down with booty, opened the driver's side door and ordered Johnny out of the car. Johnny quickly surmised that these two assailants had just completed robbing the Bank of America branch and found that their getaway car would not "get."

"Get out and shut up," barked the bank robber and Johnny did as he was told. Two of the men jumped into the front seat and the third into the back seat where John had placed his rental collection money. If there had only been two bank robbers they might have overlooked the black bag in their haste to make their getaway and meet up with a fourth accomplice who was waiting for them in another car down the street. As it was later discovered, after the car was recovered a few blocks away, the thieves obtained more money from John's black bag than they had from robbing the bank.

To this day, Johnny recounts this story to demonstrate how the saints from St. Stephens back in Batroun have continued to watch over him. "Those guys could have killed me," Johnny explains with great passion, "but I guess they were just happy to get a ride out of the parking lot."

I liken Johnny to the cherished cedars of Lebanon that once provided great strength and support to the builders of the ancient world. When I consider the many times in my own life that I received his support, I feel fortunate to have known John Nisser. He continues to be a true and enduring life-long friend to this day.

Chapter Four

HI-YO SILVER STATE LOTTERY

“The lottery is a tax on people who flunked math.”

— Israel Gallegos

Of all the states in the nation, a mere eight — or 16% — bear the listing “*No State Lottery*” next to their names. And of those eight, only one, the great state of Nevada, takes things a step further by adding the following stern footnote: “Lottery Constitutionally Prohibited.” In other words: “*Don’t even think about it in Nevada, buddy!*”

These days it probably would not come as a surprise to anyone familiar with the term “special interests” that the financial well-being of the moneyed few at times override the wishes of the masses. But back in 1965, when the power of legal entities such as the NRA and Halliburton to bend the course of mighty legislatures had yet to be exerted, a few of us innocent souls dared to suppose that an idea would succeed if only enough of “the everyday people” got behind it.

In 1965, I and several of my friends, for reasons now unclear, hatched an interesting idea. We determined that the silver state of Nevada would be a great place to start a statewide lottery similar to the one that had been recently launched in California. Based on the overwhelming success that the California Lottery was enjoying in our home state, and buttressed by the spread of state lotteries across the nation, we arrived at the conclusion that “The Silver State Lottery” would be one helluva good idea.

While lotteries are most often operated by an agency of the state, there exist numerous ancillary opportunities when a new one is established. Such areas as printing of the tickets, point-of-sale terminals, advertising and marketing are usually farmed out via exclusive contracts to private concerns. As members of the initiating consortium, we would be able to board the Lottery Elevator on the proverbial ground floor and ride it all the way to the top.

Of course, at the time, our little group didn't realize that we'd be paid in Silver State Certificates — promissory debentures issued by the State of Nevada — which eventually wound up as totally worthless.

Our first step was to retain counsel. One member of our group was buddy-buddy with a high profile Las Vegas lawyer. After a get acquainted conference, the lawyer agreed that our hare-brained idea held some merit and that with his influence among Vegas VIPS, he would be the ideal “go-to” guy for this project. So, we took the bait. Hook, line....but, fortunately, not the sinker.

The next six months were a blur of back and forth jaunts to Las Vegas and the state capital, Carson City. On top of the travel costs, we piled up massive expenditures at the direction of our Las Vegas lawyer who claimed the money was needed to “grease the wheels.” We lobbied legislators, schmoozed state senators and cozied up to union bosses and corporate toadies throughout the gaming industry.

“We'll put the name of your casino on the lottery tickets,” we told the casino owners.

“A lottery will deliver millions into your state and county coffers. You'll be able to lower taxes. Your constituents will adore you!” we told lawmakers and politicians.

“Every gas station clerk in Nevada will become a dues-paying gaming worker,” we told the unions.

Alas, nobody was listening and nobody was buying what we were selling. It was as if everyone in the state was behind some impenetrable wall and could not be reached with simple reasonable logic. That wall was called “fear of competition” and not even our well-paid legal beagle could manage to surmount it. We eventually wound up telling our “go-to” guy exactly where he could go to.

After six months of futility, we came to the implacable conclusion that no matter how you sliced it or diced it, if more money was going to be wagered on lottery tickets, then less money was going to be wagered in the casinos. Although we vaguely understood this “minor obstacle” to our grand design, it took a special sort of messenger to bring the problem into truly sharp focus for our little group.

In the era bracketed by Bugsy Siegel on one end and Steve Wynn on the other — let's say from the forties through the seventies — Las Vegas ran on one highly sought after energy source: Juice. In that pre-corporate era, before Treasure Island and Circus Circus became “family fun destinations,” real power in Las Vegas hinged upon “being connected.” The more connected you were, the more Juice you could exert.

We were aware of all this when we were contacted by “a friend.” I'm not going to reveal the identity of the messenger, but let's just say he was heavily well connected and very, very “Juice-y.” From his 2-lb diamond pinkie ring to his hand-tailored Korean suit, our guest visitor exuded “Essence de Cosa Nostra.” His card read: General Secretary, Nevada Casino Owners Association.

“You guys should simply forget about it,” he advised our little group. “Any more dough you pour into this deal is gonna be good money after bad. Cut your losses, pick up your marbles and go back home to California. There ain't gonna be no Silver State Lottery. That's all there is to it.” To underscore his point, our guest went on to inform us about the untimely death of the previous wise guy who tried to start a State Lottery in Nevada.

“I guess you could say his number came up,” he intoned with a knowing sneer. We got his drift, packed up our tents, and vanished into the desert dust like a mirage (hmmm...now there's a good name for a casino, don't you think?).

Evidently, our foray into lottery land had its impact on the powers that were. Within a few short years the Nevada state constitution had been amended to outlaw any form of statewide lottery. Despite this Powerball Prohibition, the citizens of Nevada have consistently indicated their desire to enjoy the benefits afforded by a statewide lottery. A bill to overturn the constitutional ban and introduce enabling legislation for a lottery has been introduced every year in Carson City since 1982. The most recent public opinion survey revealed that 72% of Nevada voters favor a statewide lottery. So what? Who cares? Some things are just too important to leave to the chancy democratic process. Not when millions are at stake.

Nevertheless, every year, in undaunted gestures of futility, a few populist Nevada state legislators continue to introduce bills to overturn the prohibition and launch a state

lottery. Bills that they know will fail, but that serve to impress voters back in Sparks and Reno when these public servants pat themselves on the back at election time with: “I fought against the big money interests to set up a state lottery that would rebuild our schools and lower your taxes.”

Debate about proposed lottery legislation brings about some of the most bizarre manifestations of “democracy inaction” imaginable. A visitor to the gallery of the Nevada General Assembly would be astounded to see a representative from Las Vegas, of all places, stand and, with a straight face, rail and rant against the pervasive evils of gambling. All in an effort that will eventually succeed in quashing some doomed pro-lottery bill. It’s the kind of outrageous hypocrisy that hasn’t been seen this side of Al Gore’s fuel bills.

In the end we were persuaded that there “ain’t gonna be no” Silver State Lottery and I’m just as convinced today that there will never be one. Not as long as the slots keep jingling and the Juice keeps flowing in old Las Vegas.

Chapter Five

SUITES AND REITS

“A first-rate hotel is like a first-rate marriage: expensive, but worth it.”

— Mignon McLaughlin

By the late 1960s, as I surveyed our company’s growth over the prior fifteen years, I was able to proudly proclaim that Mayer Construction was the largest builder of apartment buildings in Southern California. We were focused on conventional multi-family housing units that were rented out unfurnished and typically [bearing](#) **Deleted:** under leases. Those leases were both a blessing and a curse. While on the one hand they provided us with the ability to accurately project our residency levels, in most cases, they really did not offer the security of bankable commercial leases. If tenants chose to move out before their lease had expired, they did so with little consequence beyond forfeiting their damage deposit. We were not about to track them down in an attempt to collect the three months rent still due to us. Instead we would quickly fix up the unit and lease it out again as quickly as possible — usually at a higher rent level.

In a rising market, like the one we faced in those days where demand outstrips supply, strange things can sometimes happen. I noticed, for example, that our ROI (return on investment) from those rental communities with a higher turnover of tenants was considerably greater than what was being generated by our more stable communities. In other words, by being able to increase rents more frequently, we were making more money on the “short stay” or “fly-by-night” apartments than on the ones occupied by traditional long-term tenants. This revelation got me to thinking.

If I carried this notion to its logical conclusion, I’d soon find myself in the hotel business, I surmised. And then I asked myself: “Why not?” As the concept took shape in my mind, I envisioned a sort of hybrid. Half apartment, half hotel. A place to live, not merely to stay. Units would be designed as small suites and contain a built-in desk, kitchenette, bathroom, wardrobe closet and extra storage space. They would be offered to the

public by the day, the week, or the month with payment collected at time of check-in. Such an “extended stay” operation would enjoy the keen competitive advantage of flexibility in a shifting market. Unlike conventional apartments, I would not be required to wait for a lease to turn over before adjusting the rent levels. I could quickly match my prices to the market and thereby maximize profits while maintaining my competitive position.

The more I thought about the “extended stay” idea, the more enthusiastic I became. I determined that there existed an enormous untapped market of people in need of affordable temporary housing. My market research identified a huge need for this type of product among corporate residents who were being transferred to new locations by their companies. Typically, transferred executives in this situation would be put up in an expensive hotel until their permanent living arrangements could be found. The idea of an “extended stay” facility was met with warm enthusiasm among every corporate travel department I spoke with.

Of course, the key to making the concept fly was affordability and that meant keeping our costs down. For example, we would offer maid service, but only on a semi-weekly or weekly basis unless the guest wished to pay for more frequent visits. In a short time I had put together a basic business plan describing the concept. Now all I had to do was, find someone willing to underwrite the financing.

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My first stop was at the doorstep of Union Bank where I had established a strong financial relationship over the prior decade. I knew it was going to be a tough sell. Bankers are, by nature, leery of innovation and overly cautious when faced with any departure from the norm. And this certainly was a departure. Is it a hotel? Yes. Is it an apartment? Yes. Has this ever been tried before? Uh...no. It is an everlasting testimony to the courage and confidence displayed by the lenders at Union Bank that they agreed to extend both construction and permanent financing to an experimental project of this type. They understood that we had found a “niche” and were well prepared to scratch it.

As was so often the case, the risks we were required to take by staking a claim in uncharted territory were accompanied by a stroke of good fortune. It was precisely at this point in time that the residential and commercial real estate industries entered a period of great change due to one very powerful force: The Rise of the REIT.

A REIT is a Real Estate Investment Trust and is a business entity descended from the old Massachusetts Trusts that enabled corporations in the 19th century to circumvent the law that prohibited them from investing their assets into real estate. REITs officially came into existence in 1960 when the Eisenhower administration enacted laws that allowed for the creation stock companies whose sole purpose was investing into real estate ventures. All profits had to be distributed to the stockholders and could not be retained by the REIT. The attraction here was that, unlike in the case of a conventional corporation, earnings generated by a REIT would not be taxed until they were distributed out to the stockholders.

While initially used to raise money for home mortgages, REITs took off in popularity in the late sixties because of high interest rates and tight money. Banks now found themselves unable to lend out C&D (construction and development) money to people like me because of regulatory restrictions. These restrictions did not apply, however, to REITs. Hence REITs began blossoming all over the country as a source of funding to fuel the still booming real estate market. Between 1968 and 1970, REIT assets almost quintupled from \$1 billion to \$4.7 billion.

Another advantage enjoyed by REITs was that they were not limited, as banks were, on the returns they could pay out to their investors. As a result, REITs were able to pay the higher interest rates required to secure funding for riskier real estate development projects while banks could not do the same. Many banks, in order to keep from being frozen out of the real estate game, decided to set up their own in-house REITs, but that's not what happened at Union Bank. All of the bank's top real estate people — the true best and the brightest — resigned their positions and started their own business: a new REIT called The Mortgage Investment Group, known as MIG

MIG quickly got to work putting together public offerings and succeeded in raising millions from investors anxious to cash in on the burgeoning real estate market. They soon faced a shortage of suitable investment-grade opportunities and that's when we entered the picture. MIG looked to me as an opportune investment vehicle. Not only were the former Union Bank officers familiar with our company's long-standing track record of bringing in many successful projects, they were also very supportive and enthusiastic when I de-

scribed my “extended stay” concept. We needed a non-traditional funding source and they needed a non-traditional real estate venture. It was a matter of being in the right place at the right time.

So, MIG and Mayer Construction formed a 50-50 joint venture in which MIG provided the dollars, and Mayer Construction provided the expertise to build and manage the properties. It was a marriage made in heaven. The terms we arranged were simply another iteration of the very first deal I put together with Johnny Nisser many years before. MIG would issue the construction financing and then convert it to a permanent loan upon completion. Earnings were used to service the debt and build up equity with both parties splitting the profits whenever a property was sold. In addition, I was granted a position by MIG as an advisor. This role entitled me to a fee based upon all the projects in which I was involved. It was a marvelous opportunity for me that would allow me to acquire a fifty-percent equity position in what I felt would soon become a major hotel chain, with absolutely no cash outlay on my part. We needed something with a touch of class to identify our new venture. So, while it was still in the planning stages, I decided to name our fledgling chain the “Ambassador Inns of America.”

In 1972, the first hotel we built in the Ambassador chain was in Las Vegas where I believed an extended stay hotel would be warmly welcomed. I had visited Las Vegas over the years and had often attended some of the lavish showroom productions the town was famous for. While everyone is aware of the Dean Martins, the Elvis Presleys, and other big name headliners, not much thought is given to the hundreds of other musicians, dancers, stage hands, extras, and behind-the-scenes production workers who make these magnificent shows possible. While the superstar is put up in the hotel’s finest penthouse for the three to four week run of the show, where do all the other associated people stay, I wondered? After doing some research I found that housing for cast and crews was spotty and oftentimes non-existent. When Sammy Davis Jr. played Vegas, his stage director stayed in a mobile home park outside of town. I felt that an extended stay hotel would meet the needs of this group perfectly and, as things turned out, I was correct.

There was another demographic that I felt would be attracted to an affordable apartment/hotel hybrid. Las Vegas, in those days, had some of the most liberal divorce

laws in the country, but to take advantage of them a person had to be a Nevada resident and that meant living in the state for at least six weeks. Marketing our services among the Las Vegas legal community helped us spread the word and made our establishment the premier spot to sit it out while waiting for a divorce decree to be handed down.

Added to this mix, would be the [tourist](#) visitors who filled almost every ho **Deleted:** weekend in Las Vegas on the weekends and provided added occupancy during the week. Once the financing was in place, we secured a site near the Las Vegas Strip and quickly got to work constructing the first 343-unit Ambassador Inn complex.

The entire future of the Ambassador Inns of America almost came to a disastrous end when early in the construction process the newly built wood framing caught fire due to an accident involving a welder's torch. At that time, it was the largest fire in the history of Las Vegas. That unenviable record was later surpassed by the MGM and Hilton fires in later years. **Deleted:** (see Chapter Six).

If the Las Vegas Ambassador Inn were our only hotel at the time of the fire, I believe MIG could have easily decided to end our new venture by concluding that this business was not for them. Fortunately, our company had already started construction on two other similar hotels, one in Tucson and one in Phoenix. Once those projects opened, they immediately proved to be successful. They were doing so well that their combined cash flow offset the losses we incurred due to the Las Vegas fire. Over the years that followed, we would build a total of twelve different hotels with MIG throughout the San Francisco Bay area, Sacramento and Southern California including the Inns already built in Las Vegas, Phoenix and Tucson. The entire chain consisted of around 2,600 units, averaging a little over 200 rooms per project.

The concept of extended stay hotels, which we pioneered with the Ambassador Inn chain, was soon picked up and emulated by some of the major players in the hospitality industry. In 1974 another lodging visionary, Jack DeBoer, opened the first Residence Inn in Wichita, Kansas employing a concept identical to our Ambassador Inns prototype. The Residence Inn chain was purchased by Marriott in 1987 and there are over 450 locations operating in the US today. Since its inception, the extended stay model has achieved fantastic growth across the country. The common definition of an "extended stay" hotel in

today's market is one where guests typically stay for five nights or more. Today twenty percent of all hotel stays are five nights or more and this growing trend helps to fuel a market that has become more and more segmented. There are typically three types of extended stay hotels operating in today's market: The All-Suite Hotel; the Apartment hotel or "aparthotel;" and Serviced Apartments. There are close to thirty extended stay chains in the US, each with seven hotels or more, including Staybridge Suites, MainStay Suites, Extended Stay America, and InTown Suites.

As the extended stay concept gained momentum during the 1970s, the same could not be said for the growth of REITs. Squeezed by more rigorous accounting requirements, and faced with cash flows that did not live up to expectations, many REIT managers discovered that the need for a project to dfconstantly be generating cash was not be Deleted: constantly generate cash They began to re-cast their roles back to that of a lender, rather than that of a developer. MIG, in 1979, agreed to sell me their fifty percent interest in the Ambassador Inn chain. They pocketed the cash and retained all the loans in place, but any gains enjoyed at the time the properties were sold would now all flow to me. Like all good deals, it met the financial expectations of all the parties involved.

Over the coming years I did indeed sell off each Ambassador Inn — except for one — to individual investors and enjoyed the fruits of our efforts in building one of the world's first extended stay lodging chains. I decided to hang on to our original Las Vegas location, but that's another story.

Chapter Six

LAS VEGAS IS BURNING

“Fire, water and government know nothing of mercy.”

— *Anonymous*

There’s a story that real estate developers like to share about two former landlords who meet for the first time in a Florida retirement community. When asked, the first gentleman explains: “Yeah I owned a 250-unit garden apartment complex in Minneapolis. One night it burned to the ground and the insurance paid me enough so I could retire here to Florida.”

“Same by me,” responds the second developer. “I had a 600 room hotel that got wiped out in a flood. The insurance paid off and here I am.”

“Hmm,” says the first fellow. “How do you start a flood?”

Disaster was no laughing matter as I stood surveying the damage at the intersection of Flamingo and Paradise Roads, just blocks from the famed Las Vegas Strip. It was 1972, a few days before the Memorial Day holiday. The superheated desert wind carried the odor of charred pine to my nostrils as I absorbed a scene of utter devastation. Just one day before, this property had been the site upon which our future dreams were being erected. Construction of the first of our “extended stay” hotels, the 343-room Ambassador Inn, was nearing completion. Everything about this project represented new ground for me and for Mayer Construction.

This was our first venture into the fast-growing hospitality and lodging industry. It was our first project in conjunction with our new REIT financial partners, the Mortgage Investment Group (“MIG”) and now, it was our first major property destroyed by fire. I had flown to the scene as soon as I got the call and now my heart was sinking as I peered across the smoldering remains of what had been the largest hotel fire in the history of Las Vegas to date. There was nothing to do now but pick up the pieces and try to figure out what had gone wrong. An investigation revealed the following facts:

The fire apparently began with a small spark from an iron welder's torch. He had been installing ornamental iron railings along the balconies of each of the three-story building's hotel rooms. Only sixty-six of the rooms had been plastered, leaving the wood framing of the other 277 rooms completely exposed. The wood had been baking in the intense desert sun for weeks and was now as dry as kindling. The fire spread with the thrust of a slow-motion explosion—engulfing everything in its path and leaving a mile-high tower of smoke in its wake. Construction workers were forced to leap from the building's second and third story balconies in order to escape the swiftly spreading inferno.

The fire department arrived on the scene in a flash, but they were unable to prevent the flames from devouring all of the structure's non-plastered areas. Adding fuel to the fire, their efforts were hampered by large piles of lumber and other building materials blocking the hallways and making interior access next to impossible. Thanks to the heroic efforts of those brave public servants, two fire trucks managed to get through the flames and gain access to the rear of the building. They soon found themselves trapped and the fire trucks incurred severe damage when a portion of the edifice collapsed around them. Fortunately, there were minimal injuries. This situation resulted in extensive damage to the water lines. Hence the availability of precious water to fight the fire was greatly limited and there was little to do but watch the fire rage out of control. This created yet another serious problem.

Today, most piping and plumbing lines are made from PVC, but at that time galvanized metal was the material of choice. The intense heat of the fire caused the galvanization inside of the pipes to melt. Once liquefied, the oozing metal ran down into the plumbing under the building's concrete foundation slab where it cooled and solidified within the pipes. Had this not happened, the slab itself could have been re-deployed when the hotel was re-built, since the foundation had not been severely damaged by the fire. Because of the clogged pipes and mass of cooled metal, much of the foundation had to be jack-hammered out and then replaced.

It was a nightmare drawn from hell and I was the one destined to pay the devil his due. I consoled myself by offering thanks that there had been no loss of life or serious injury, but I knew that the financial implications of this loss could be crippling. Like many

subcontractors, the welder who had caused the fire carried only \$100,000 in liability insurance and our losses were in the millions. Eventually, I would have to sit down with our insurance carrier representative who extended the company's heart-felt sympathies and, at first, not much else.

While this was my first (and, hopefully, last) property loss due to fire, I had learned that it is after the flames have gone out that the real firefight usually begins. The insurance company representative explained that under the terms of our policy they were obligated to pay for only the building materials that were lost in the fire. Such a sum would come nowhere close to off-setting the millions my new partners and I had invested into this project. I glumly considered the implications of this loss. It would not simply effect the erection of this particular Las Vegas hotel, but it would likely cause MIG to pull the plug on our entire grand plan to construct a chain of Ambassador Inns across the southwest. The most ambitious and expensive project ever undertaken by Mayer Construction was now facing a near certain doom. What on Earth could I do?

As I rolled things over and over endlessly in my mind, suddenly I remembered something that might just be useful. Since MIG was providing the financing, and since they were made up of some very conservative former members of the banking community, they had insisted that certain safeguards be put into place to protect their interests in case of a fire. One such safeguard was "loss of rents" insurance. They insisted that we purchase this type of "exotic" coverage that is similar to business interruption insurance. It is designed to compensate a property owner if the flow of rent revenue is suddenly disrupted, thereby making the business owner capable of still making his loan payments even when there's no money coming in the door. We had never purchased this type of insurance in the past, but, if the lender was insisting on it as a requirement, I certainly wasn't going to make it a deal-breaker, so we went ahead and bought the "loss of rents" insurance.

The specific terms of our policy required that the insurance carrier compensate us for loss of revenue because of a delay in opening our doors due to fire. The insurer was required to pay us 100% of the projected rent revenue from the day of the hotel's planned opening until the day it actually opened for business. It didn't take long for the insurance claims adjuster to do the math. The fire had destroyed nearly all the construction we had

completed to date. We would have to start from scratch. This meant an eight-month delay in getting the place opened to the public. Three hundred and forty-three rooms, with an average rate of \$75 per night and an overall occupancy rate of 80% came to just over \$7.5 million in projected lost revenue. In addition, they were still responsible for the cost of rebuilding all of the structure lost in the fire. Suddenly, the insurance company became much more understanding of our position. They could not wait to get the claim settled and we were able to arrive at an acceptable figure through negotiation in very short order.

It was thanks to that “exotic coverage” policy that our bargaining position was strengthened. Hence, we received enough money to rebuild the Las Vegas Ambassador Inn which operated successfully for many years. The entire Ambassador Inn project, although derailed for several months, quickly got back on track and turned into one of the most successful ventures of my career to that date.

Thinking back about the way I felt as I stood looking across the blackened twisted desolation of what had been the new Ambassador Inn of Las Vegas, it seemed, at the time, that my entire future had gone up in flames. I was overcome by a penetrating sense of loss that was symbolized by the cinders and ashes that surrounded my feet. But, I did not permit that feeling to linger for long. All I had to do was to consider how fortunate it was that no lives had been lost in the wake of such a devastating disaster. Moreover, I was grateful for that turn of good fortune — the “loss of rent” clause — that saved my financial hide. It was focusing on these two miracles that enabled me to overcome my despair, rise from the ashes, and start all over again.

Chapter Seven

THE MIRAGE, THE MONEY, AND MR. WYNN

*“For you and me, today is all we have;
Tomorrow is a mirage that may never become a reality.”*

—Louis L’Amour

In 1970, during those hopeful early days of the new decade, I set down stakes in Las Vegas by building my first modest hotel at the outlying intersection of Flamingo and Paradise Roads. The hotel eventually became part of the Ambassador Inn chain that, at its peak, included twelve inns scattered throughout California, Arizona and Nevada. By the end of the decade I was ready to sell out and move on, but I could not bring myself to give up my original establishment, particularly since by 1979, Las Vegas was considered the fastest-growing city in America. So, while I sold off the other 11 hotels, I hung on to the Las Vegas property for, shall we say, sentimental, as well as economic, reasons. I had a hunch that this place had potential and would enjoy a special destiny. My gut feeling, in fact turned out to be accurate — but not in the way I could ever have imagined.

The Ambassador Inn did a steady business during the 1980s, housing conventioners and tourists looking for a quiet, clean and affordable night’s sleep. We finally succumbed and added a small casino as part of an extensive remodeling program. It wasn’t too lavish, but it wasn’t exactly a “sawdust parlor” either. The casino soon earned an affectionate reputation as a “locals joint,” since it catered for the most part to casino and hospitality workers from the major hotels who wanted to relax and unwind during their off hours. Unlike the big “Tourist Mills,” we offered an intimate atmosphere where “everybody knew your name” and nobody tried to hustle anybody.

At that time, I was disinclined to go through the rigorous and time-consuming process of getting myself licensed, a process that would have allowed me to operate the casino. So, instead, I decided to lease the space to a third party for a flat monthly rental rate and limit myself to managing only the lodging end of the operation. I had no profit partic-

ipation in the casino whatsoever. If my tenant was savvy and ran a good operation, he could pay me the monthly rent and still make a healthy profit all for himself.

Unfortunately, the original tenant was anything but savvy. In fact, he was a total disaster. Although he had some talent at marketing and promoting the place, he failed to comprehend the particular peculiarities of running a cash-based business. Cash, he soon learned, has a tendency to vanish mysteriously — kind of like a mirage. The original casino operator made the critical mistake of not implementing stringent cash control procedures. This essentially amounted to issuing a license to each of his employees to steal him blind. Which is exactly what they did right up to the day he mustered enough of his remaining vision to look up the phone number of the nearest bankruptcy attorney.

Unfortunately, his demise left me holding a rather unpleasant bag. If you've ever seen a dark, empty, abandoned casino then you know it's a pretty depressing sight. Well, that's exactly what my hotel guests were now forced to gaze upon as they made their way from the front desk to their rooms each day. Nobody likes to be around a decomposing corpse — especially in the Vegas heat and especially when they're on vacation. I had to fix this quickly, or face seriously hurting my hotel traffic. Luckily that's when I met Nick Robone.

Nick knew all about running a locals joint. He had all the right connections and was very savvy when it came to managing the casino cage, the counting room, and all the financial aspects of the business. There was only one thing Nick did not have — money.

We needed start-up capital for new equipment, signage, marketing, etc. in order to get the casino back on its feet again. Since I had no gaming license, the money could not come from me — at least not directly. I took a big gulp and decided to loan Nick the funds needed to refurbish the place. He used it wisely to purchase new crap tables, slot machines as he began to give the place a real Vegas-style facelift. I viewed the venture as simply protecting my investment in the hotel. Without a functioning casino, the market value of the business itself was greatly diminished. I needed a thriving casino and it looked as though Nick was the right guy to pull it off.

One day during the remodeling, Nick approached me with a proposal.

“You know, boss, this place has gotten a pretty bad rap because of the bankruptcy and all,” Nick started. I had to agree.

“People associate the name ‘Ambassador Inn’ with trouble,” he continued. “What do you say we change it?” Not a bad idea, I agreed. New face, new casino, new name.

“Sure. Why not?” I said. “But what should we call it?”

“Well, I’ve been thinking about that and I’ve always liked ‘La Mirage.’ It fits in with the desert thing and sound pretty classy to me.”

“Hmm... ‘La Mirage Hotel and Casino?’” I tried the name out loud a few times just to see how it felt rolling from my lips.

“To tell you the truth,” I said. “I’m not wild about the name, but you’re the guy who will have to live with it here in Vegas. I’ll be spending most of my time back in Orange County. If you like it, it’s okay by me.” And so was christened Las Vegas’ original “La Mirage” casino. Or so we thought.

Over the next few months we poured hundreds of thousands of dollars into the complete renovation of the property. Actually, I poured the money into Nick’s bank account and he then proceeded to pour it into the pockets of contractors and suppliers all across Nevada. Finally, we were poised for the “Grand Opening” of the new “La Mirage” as awareness of our marketing initiatives announcing the event (mostly via billboards and print ads) succeeded in penetrating the city’s cumulative consciousness. Evidently, the word reached one fellow who did not take the imminent opening of “La Mirage” as very good news at all. I received a phone call from this unhappy chap a few days before we were set to re-open.

“Hello, my name’s Rosoff and I want to speak with the owner of the Ambassador Inn,” said the testy voice on the line.

“Well, that would be me,” I responded, “although we’re operating under a different name now.”

“That’s what I heard,” he intoned, “and that’s the reason I’m calling.”

“What do you mean, Mr. Rosoff?” I said, genuinely puzzled.

“Well, you see I own the Mirage Motel on the old Las Vegas highway.” Suddenly I understood. I knew the place he owned. It was a tiny 50 room “no-tell motel” on the edge of town.

“You can’t open your doors using that name,” Rosoff insisted. “I’ve been operating under that name for many years and it belongs to me.”

“With all due respect, Rosoff,” I blurted. “You’re nuts! Places use similar names all over this town and you know it. There’s three Golden Nuggets, two Silver Slippers and a dozen Lucky this or that. Why do you care if we call it the Mirage? Will our doing so cost you any business?”

“I don’t care,” he shot back sounding like a petulant child. “The name belongs to me and you can’t use it. If you do, I plan to file suit. So just find yourself some other name. Good-bye.”

I immediately called my attorney, Grant Sawyer, who was a former Nevada governor. I had run the name by him before we adopted it and he had given us the green light. He was as surprised as I was that anyone would object to its use. Grant advised that in intellectual property cases such as this it was necessary for the plaintiff to prove that the alleged infringement actually resulted in measurable damages. We all agreed that there was no way that Rosoff could convince anyone that our use of the Mirage name had hurt him in any way financially. In fact, we could probably make the opposite case: by applying the name to an attractive, modern hotel casino near the Strip, we would be enhancing the image of his rundown establishment, thereby generating additional business for him. Based on Grant’s advice, we continued financing the renovation and opened as scheduled under a new sign that read: “La Mirage Hotel and Casino.”

Rosoff, we discovered, was not bluffing. Shortly after our re-opening, we were named as defendants in the first lawsuit in Nevada history to complain about “name infringement.” Next came an endless stream of depositions as the discovery process ran its course. Did I know of Rosoff’s prior usage? Should I have known about it? Did I have constructive knowledge? Was Rosoff guilty of laches by failing to effectively enforce his rights? For three long years the legal wrangling over the Mirage moniker raged on, generating a mountain of legal fees over a molehill of a dispute.

We had hoped that we could better weather the lawsuit financially than could Mr. Rosoff. Eventually, we told ourselves, he'd tire of the expense and give up the ghost. But in those days, you could rent out almost anything on weekends and he managed to stay afloat during those long years despite his mounting legal bills.

We eventually learned how to live in the never-ending shadow of the Rosoff lawsuit and managed to let it just percolate on the back burner as we went about our business. This was all about to change thanks to a phone call I received one afternoon in my Newport office.

"Hello, is this Bob Mayer?" said an energetic voice I did not recognize. I said that it was.

"Hi, this is Steve Wynn in Las Vegas," said the voice. "I've got something I need to discuss with you."

"Steve Wynn? Really?" I replied in mock awe. "Not THE Steve Wynn, the famous casino owner? Who is this? Really."

"No, I'm not kidding. This really is me. I'm calling from my office at the Golden Nugget and I want to talk to you about your place, La Mirage. You are the right guy I need to speak with, aren't you?" By this point, it had started to dawn on me that this really was Steve Wynn and I had just made a complete ass of myself.

"Uh, listen, you'll have to forgive me, Mr. Wynn, but I just thought this was some crank call."

"Forget it. I get this all the time," he said quite kindly. "Maybe I should introduce myself as Donald Trump instead, huh?" We both chuckled and I then asked what I could do for him. Like everyone in Las Vegas, I knew Steve Wynn by reputation as a real mover and shaker. He was the dynamic developer of the Golden Nugget who had barreled out of Atlantic City in the 1970s determined to make his name synonymous with the "New" Las Vegas. He had already transformed Downtown Vegas and had now set his sights on the city's prime real estate, the famed Las Vegas Strip.

"I've been following that little brouhaha you've been having with the other guy about the name of your casino," explained Wynn.

“No kidding?” I responded, genuinely surprised. “Why does our lawsuit interest you?”

“Well, you might have heard that I’m planning to put up a place on the Strip next year,” he said. “It’ll be right next door to Caesar’s.”

“Yes, I know. I saw the model under glass at the Nugget last week. It’s very impressive.” The maquette represented as stunning a piece of architecture as I had ever seen. The exterior’s sleek lines and endless corridors gave it an almost other-worldly appearance. “It’s magnificent and I see that you’re going to call it ‘La Rêve,’” I commented.

“Naw,” said Wynn. “That’s just a fake name. The real name is going to be ‘Steve Wynn’s Mirage.’”

I hung my head in disbelief. “How did Nick Robone ever come up with a name that so many other people want to own?” I asked myself silently.

Nevertheless, I smelled an opportunity and decided not to waste any time pursuing it.

“I could fly over tonight and be in your office tomorrow morning to talk this over,” I suggested.

“See you at 8” he responded before saying good-bye.

Piloting my Cessna towards McCarran airport that night, I began to assess the strength of the hand I’d been dealt prior to sitting down at Mr. Wynn’s poker table.

I concluded that while it was no “lock,” I held a moderately strong hand, but with a bad kicker. The kicker was a wild card named Rosoff. How could I sell whatever rights I may hold in the Mirage name to Mr. Wynn while my legitimate claim to those rights was being challenged by Mr. Rosoff? Whatever Wynn might be willing to pay me would have to be reduced by the fact that, along with the name, he’d also be buying a nuisance lawsuit.

I finally arrived at a number I considered realistic. I expected that Wynn would offer me between 25 and 30 thousand dollars as just plain “get lost” money. He’d probably

reach a similar deal with Rosoff and that would be the end of it. If that was the offer, I decided that I would take it. And take it gladly. I never liked the name in the first place.

I arrived to the Golden Nugget administrative offices at 7:45 am and was greeted by Steve Wynn's right hand man, Bobby Baldwin. Bobby had escalated from a world-class poker player, to the manager of the Nugget's Poker Room, to Steve Wynn's administrative assistant in a matter of a few short years.

As we stepped out of the elevator, Steve shook my hand and beckoned me to have a seat in his exquisitely appointed office suite. After a bit of small talk, Steve got to the point.

"Here's the way it is, Bob," he began. "Wynn Enterprises is already a force here in Vegas and I pay millions in taxes. We're going to call our hotel STEVE WYNN'S MIRAGE whether you decide to sell us the naming rights or not. There is not the slightest question that we would prevail in any sort of legal action you might bring to bear."

This was pretty much the [strongarm](#) spiel I had anticipated. So I just sat there taking it in and still expecting that he'd throw around \$25,000 on the table once his little speech had concluded. When he stopped for a breath, I popped in with: "Okay, Steve, I get the picture. Now tell me, what's it really worth to you?"

"I'll tell you, but first you have to understand, I'm going to give you just one week to take it or leave it. We go public with 'Steve Wynn's Mirage' seven days from today come Hell or high water." I indicated that I understood the deadline.

"And another thing," he added. "You and this Rosoff fellow have to agree and both sign off. Without his okay, there's no deal." So that's how he was going to deal with the lawsuit. He wanted me to neutralize Rosoff. Okay, I thought. I can do that. But I still needed to know the bottom line.

"You and Rosoff can continue using the Mirage name until we're ready to open our doors," Steve elaborated, "but once we're operational, the signs come off at your places and the naming rights revert to me."

"I understand, Steve," I said and then I asked again: "So, what's it all worth to you?"

“Well, I’ve added up how much I’d have to pay to the attorneys if one or both of you guys sued me, in order to make this go away, and I figured why not just give the money straight to you and save everyone a lot of headache. I don’t know about you, but I hate paying lawyers. Here’s what I came up with. Six hundred.”

“I’m sorry, how much did you say?” I said shaking my head a bit.

“Six hundred thousand split between you and Rosoff,” said Wynn. “Either way I’m going to have to pay it to somebody. Might as well be you two instead of those legal jackals. Do you think you can let me know in a week?”

I shrugged and tried to act blasé using my best poker face skills not to reveal the fact that inside I was jumping up and down like an excited kid who just came upon an overturned ice cream truck. \$600 Grand. That’s \$300,000 each or more than ten times what I was expecting when I walked into the room. I was sitting there holding a pretty weak poker hand and Steve Wynn had just gone “all in” with over half a million. All I had to do was fold my hand and take the money. What could I say?

“Okay, Steve,” I finally got out after I was sure I could speak without a tremor in my voice, “I’ll get with Rosoff right away and have an answer to you ASAP.” With that I stood up, shook hands and said my good-byes.

I ran directly from the Golden Nugget down to the Mirage Motel to call upon Mr. Rosoff who lived with his wife in one of the rooms of his own establishment. He agreed to listen to what I had to say after I explained that I had just been with Steve Wynn and I bore an offer that could settle our dispute and benefit us both. I relayed the content of our conversation that morning, sat back with a broad smile and waited for what I was sure would be Rosoff’s overjoyed response. Boy, was I ever mistaken.

“No!” finally erupted from his tightly pursed lips. “No. No way. Not Bob Mayer. Not Steve Wynn. Not Jesus off the cross. Nobody is going to buy my name. That’s all there is too it.”

“Now I know you’re nuts,” I told him right to his face. “Your whole damned place here isn’t worth \$300,000 and this guy’s going to write you a humongous check just so you’ll put up a new sign out front. What is wrong with you, mister?” Rosoff did not like

hearing the truth and became infuriated. “You’d better leave now, Mr. Mayer,” advised Rosoff’s wife, who appeared to be a bit more reasonable than her mulish husband.

I returned home to Newport under a cloud of bitter frustration thanks to this obstinate fool and his decrepid motel. Without his cooperation, the whole deal would go up in smoke. My dreams that night were in the form of an [animated](#) cartoon, I was crawling on my hands and knees across the desert when I spotted an oasis straight ahead. Once I reached it, there was a genie who resembled Steve Wynn, offering me buckets filled with cool, cool cash. As I reached out my hand to accept a bucket, a voice cried out “No! Never! Not a chance!” as the entire oasis dissolved into the dust before my eyes. It had all been a mirage, I realized, as hundreds of thousand dollar bills with little wings flitted off into the sunset. [I woke up in a cold sweat.](#)

The next morning I phoned Rosoff again and tried to reason with him. We only had five days left before Wynn would announce the official name of his new pleasure dome and we’d be forced to sue him in order to collect anything. Rosoff insisted that we could do much better than \$600,000 by waiting until Wynn began using the name and then filing suit against him.

“Is that the same strategy you used when you decided to sue me, Rosoff,?” I was beginning to get agitated again and decided I’d best hang up. I was plagued by more weird dreams that night and by the next day the stress was beginning to take its toll. This process went on for four more days during which time I was unable to budge Rosoff one inch or in any way overcome his inexplicable obstinacy. Finally, I recalled our conversation — or should I say, confrontation — in his hotel room during which time I came away feeling that his wife might be the more rational of the two. I decided to call her. I knew that Mr. Rosoff liked to trawl the downtown card rooms at night, so I called his room that evening and was able to speak to Mrs. Rosoff without her husband within earshot.

“Why is he being so stubborn, Mrs. Rosoff?” I implored. “Offers like this don’t come along every day, you know.”

“You’ve got to try and understand my husband,” she pointed out patiently. “This motel’s all he’s got besides me and I’m no treasure. He’s had a pretty rough life, without much time for the finer things like music or art, you see. The one single creative thing he’s

ever done in his whole life was to come up with a name for this place. So you see, Mr. Mayer, it's not about the money. There's more involved than just that."

I didn't know what to say, but I was starting to get to the root of the problem at last.

"Well, does he listen to you, ma'am?" I asked softly.

"Sometimes. Yes, he does," she replied.

"Do you think you could persuade your husband to accept the offer?" She said nothing for a long time after I said that.

"I'll see what I can do, Mr. Mayer," is all she said at last and then hung up the phone.

I was not plagued by any nightmares that night for the first time in four days.

The next morning I received a call from Mr. Rosoff. With less than 12 hours remaining before the deadline, Rosoff said that, although it broke his heart to do so, he'd be willing to accept the offer just to keep his wife happy. He would agree to drop the complaint against me and to sell whatever rights he believed he held in the Mirage name to Steve Wynn Enterprises for \$300,000. It was over at last.

As a postscript, Steve Wynn announced the name of his new establishment as Steve Wynn's Mirage Resort and Casino in a press release the following day. He constructed a destination showplace where a live volcano erupted on the hour and Siegfried and Roy performed world class magic amidst white tigers and lions every night. From there it was on to Treasure Island, the Bellagio, and the fabulous Wynn Las Vegas, as Steve proceeded to swiftly and dramatically change the face of the Strip and lead an unprecedented expansion boom — a boom that can still be heard to this day.

Mr. Rosoff managed to dredge up a bit more creative talent and re-named the property The Glass Pool Motel after his unique above-ground swimming pool with glass portholes in the side. The place remained in business a few years more and finally collapsed after Mr. Rosoff's death.

Deleted: Rosoff and I received our payments from Wynn within a few weeks and soon thereafter, the Crystal Cathedral and the Reverend Robert Shuyler were blessed with an anonymous gift of \$30,000. ¶

As for us, I decided to hook up with the Quality Inn people to manage the hotel side while Nick Robone came up with the name: Key Largo Casino, named after one of his favorite fishing spots and the classic Bogart/Bacall movie. The new sign out front read “Quality Inn and Key Largo Casino.” Sadly, Nick fell ill several years later and was no longer able to operate the casino. I finally relented and decided to enter the gaming business and operate the casino myself. My son, RJ, Steve Bone, president of our hotel division, and I all went through the licensing procedure together. We ran both the gaming and the lodging operations as a team for the next few unforgettable years. That amazing experience is recounted [elsewhere in this book](#). The Quality Inn and Key Largo Casino was eventually sold in January 2005 to several wealthy real estate developers from Mexico who had planned to demolish the building and construct a 40-story high-rise condominium tower alongside a 70-foot hotel tower containing 344 rooms. As of today, however the property remains vacant, fenced and shuttered.

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Oddly, the area around the vacant site today bustles with resort communities, restaurants, and thriving businesses. It is truly one of the “hottest” areas in town. Unfortunately the market for luxury condominiums has grown soft over the past few years. I suspect that the current owners are biding their time and reassessing how to make best use of the property.

I guess you could still call me sentimental. I invariably drive by the site of the old Ambassador Inn whenever I find myself in Las Vegas, before going on to marvel at what visionaries like Steve Wynn, Kirk Kerkorian, William Boyd and yes, Donald Trump, have achieved to secure Las Vegas’s place as the premier resort destination of the 21st century. What these and others like them have built in Las Vegas is very tangible, very real and permanent — and in no way a desert illusion. The Las Vegas of today is no chimera. And the Las Vegas of tomorrow is certainly no mirage.

Chapter Eight

GETTING PERMISSION FROM THE COMMISSION OR WELCOME TO THE INQUISITION!

“The gambling known as business looks with austere disfavor upon the business known as gambling.”

— Ambrose Bierce

Nineteen-ninety-seven was a time of cross-current change in Las Vegas. Over 100,000 people per day flocked through the doors of the newly-opened New York-New York Hotel Casino on the Las Vegas Strip while, amid hurrahs and hoopla, Sherman Adelson broke ground for the vast Venetian Hotel Resort on the grounds of the old Sands Casino. Feeling the heat, mega-resort developer, Steve Wynn, publicly called for a “take it slow” approach to future Las Vegas expansion. And, after a lengthy deathwatch, the Aladdin was finally put out of its misery. It was the best of times for some, the worst of times for some others.

As the year dawned I, along with my son, RJ and Steve Bone, the president of our hotel division, found ourselves operating the lodging side of the Quality Inn and Key Largo Casino at the corner of Flamingo Road and Paradise Road. Our partner, Nick Robone was in charge of running the casino operations. Sadly, Nick fell ill and could no longer perform his duties. As a matter of necessity — and after resisting the inclination for many years — our team saw no choice but to take over control of the gaming activities on our premises. This decision carried with it a highly distasteful downside. We would all — Steve, RJ and me — be forced to undergo the surgical scrutiny of the legendary Nevada Gaming Control Board before we could be granted a license to conduct our business.

We were aware that obtaining a Nevada gaming license was no walk in the park, but we were not prepared in the slightest for the proctologic periscopes that we were about to endure. We retained the services of a consulting firm who advertised that they would hold our hands and guide us through the process. I’ll never forget my initial conversation with the fellow assigned to our case.

“They’ll need to see your educational records, Mr. Mayer,” he advised me.

“Sure thing,” I replied agreeably, trying to recall where I had stuck my high school diploma. “How far back?”

“Um...actually, all the way, sir.” came the reply. “You do recall the name of your kindergarten teacher. Right?” I suddenly understood where all those former KGB agents had found employment after the Cold War ended.

People had been gambling in Nevada since before there was a Nevada. From the thimble-rig games that skinned hapless emigrants passing through the newly formed US territory in 1861, to the Chinese “green tables” where prospectors gambled their daily gleanings, Nevada enjoyed a long-standing tradition of separating [the](#) saps from their savings through “honest” games of chance. As the Comstock Lode, and later the construction of the Hoover Dam, poured riches into the state, the controversy over the legal status of gambling began to build. By the thirties — just in time for the Great Depression — the matter was settled in favor of legalized gambling as the Nevada legislature assigned the job of policing the state’s saloons and sawdust joints up to the Tax Commission and its toothless enforcement arm, the Gaming Control Board.

It was into this environment of lax law enforcement, dusty carnival games, and penny-ante poker, that a New York Jewish wise guy experienced an epiphany in the desert during a 1939 drive from Los Angeles to Chicago. The man’s name was Benjamin Siegelbaum, better known as Bugsy Siegel, and he would go on, some eight years later, to establish the Flamingo, the first lavish Las Vegas hotel casino, before meeting his demise because he failed to keep an eye out for a mob hit man.

The 1959 Nevada Gaming Control Act completely overhauled the state’s control machinery and gave birth to the Nevada Gaming Commission. The newly formed Commission was empowered to put teeth into the enforcement powers of the Gaming Control Board. The Board now enjoyed nearly unlimited power in auditing, analyzing, investigating and interrogating anyone wishing to legally obtain a Nevada gaming license. With the a mandate to “keep gaming clean,” the Board continues, to this day, to leave no stone unturned as it exercises its power to grant or to deny the state’s highly treasured gaming licenses.

By clamping down on the corporations that set up shop in Las Vegas during the 1960s and 70s, the Commission mostly succeeded in removing the stench and stigma of organized crime from the gaming industry. The perception that money wagered and lost in Las Vegas was now going into the coffers of regulated corporate entities, rather than into the pockets of sleazy Mafioso-types, has helped to boost public confidence and contributed to Las Vegas's continuing growth as a premier holiday destination.

As our application process got underway, we began to gain an understanding of how the game was played. Absolute truth and absolute thoroughness were the watchwords as we embarked upon the Vegas vetting process. We had heard the common wisdom: "The Commission doesn't care if you've killed someone, as long as you tell them about it," and learned that this was only a slight exaggeration. The Commission demanded a complete accounting of all our prior sins, no matter how trivial, and insisted that any positive points we claimed in our favor be fully verifiable.

None of this surprised us since we'd been hotel operators in Las Vegas long enough to have "learned the ropes." We were amazed, however, at the depth to which the Commission saw fit to dig into our pasts and the vast, police state style powers they enjoyed. Below is a checklist of some of the aggressive investigative measures employed by the Commission as they conducted their due diligence. I offer it as an advisory to anyone contemplating applying for a Nevada Gaming License.

**TEN THINGS YOU SHOULD BE PREPARED FOR
BEFORE YOU APPLY FOR A NEVADA GAMING LICENSE:**

1. Having your secretary's computer and rolodex reviewed and every personal and professional contact — both yours and hers — questioned about you.
2. A complete scrutinization of every dog license, zoning permit, lien filing and library book late fee that you have ever registered with any government agency at any time in your life.
3. An audit of all your state and federal tax returns, both individual and for any business in which you have every enjoyed an interest, going back to the beginning of time.
4. An unannounced knock on the door by a gaming inspector who will order you to bring your keys as he drives you to your safety deposit box and then instructs you to open it for a surprise inspection. Any unreported loose cash, loose diamonds,

- Kruggerrands or Whitey Ford baseball cards in mint condition will spell the end of your chances.
5. Questions about every piece of real estate you've ever bought or sold. Who did you buy it from? Who did they buy it from? Who did you sell it to? Who did they sell it to? And so on.
 6. A thorough audit of every transaction conducted by you, your company, your wife and your kids over the past five years. That means being able to explain every single checkbook entry, every line on every credit card statement, and the reason for every single cash withdrawal and wire transfer.
 7. Providing not only the office space for a four-person team of Commission agents to camp out on your premises for at least nine months, but also paying the cost of their travel, housing, meals and other expenses for the duration. No, you cannot later claim them as dependents.
 8. Impounding of your personal and company computers, Blackberries, iPods, etc. as the agents sift through your files in search of illegal movie downloads, software piracy and other evidence of bad behavior. Better close that Facebook account.
 9. A complete scan of all your phone records to learn if you've ever spoken to anyone in New Jersey with an Italian last name.
 10. The subpoenaing of your Blockbuster Video rental history to see if you repeatedly rented movies like Scarface, Goodfellows, and The Departed.

The above descriptions are only a slightly embellished account of the actual licensing process. The fact is that the Gaming Commission left no stone unturned during its investigation. You may be assured that any person who currently holds a Nevada Gaming license is one "squeaky clean" individual.

In addition, the Commission will strongly encourage you to attend a class at the University of Las Vegas in order to learn how easily crooks are able to cheat honest, hard-working casino operators. Some of the techniques you'll study include:

- Marking face cards at the Blackjack table.
- Manipulation of electronic and mechanical slot machine payouts.
- Misdirection and distraction of your employees while theft takes place elsewhere in the casino.
- The placing of late bets as the roulette wheel comes to a stop.
- The placing of blackjack bets after some of the cards have been dealt out.
- Use of loaded dice.
- "Third base" blackjack players peeking at dealer's hole cards.

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- The use of mirrors and other “cheats” to view concealed cards.
- Signs of collusion between players and pit dealers.

Of all the techniques ever employed by casino cheats, the most effective was not entirely illegal. It involved the use of a team of Blackjack card counters and a so-called Big Player. Keeping track of the cards already dealt out has been a method used for years by Blackjack players wishing to improve their chances. Since, in those days, the game was dealt using a single deck that was not re-shuffled until most of the cards were dealt out, it was possible to deduce what cards were left in the deck by keeping track of those already exposed. In this way, a shrewd player could determine when the remaining cards in the deck contained an abundance of aces and face cards. This produced what was termed a “hot deck” and would prompt the card counter to dramatically increase his or her bet now that he or she enjoyed a better than average chance of hitting a winning Blackjack hand.

There were two problems with this situation from the card counter’s point of view. One, it required great patience as the player waited through dozens of repeated shuffles for a deck to turn “hot.” Secondly, pit bosses had trained dealers to alert them whenever a player dramatically upped his or her bet. Doing so would bring on the heat (casino scrutiny). The “Big Player” team approach effectively eliminated both of these drawbacks. It worked like this:

A gang of highly trained card counters enter a casino together, each one taking a seat at a different table in the Blackjack pit. There they would sit, making minimum bets, watching and waiting for a deck to turn hot. Once it did, the team player would signal the “Big Player.” The Big Player would roam up and down pit with a (fake) drink in hand and lots of high value chips. Once he spotted the signal from a member of the team, he would sit down at the “hot deck” table and place as many bets as possible at the highest level permitted. His behavior would not arouse suspicion since he was acting exactly like a typical drunken “high roller” or “whale” — the bread and butter player of the casino industry. The only difference was that this high roller would win and win big.

After a good run at one casino, the team would withdraw and hit another. Using this guerrilla approach, a nine-person team managed to win over \$1 million in two weeks

from a dozen small to mid-size casinos in 1984. They were never apprehended, but based upon their success, casinos today have instituted a number of protective procedures including the use of six-deck shoes, shuffling machines, and digital facial identification methods.

After learning about the rigorous ordeal prospective Gaming License holders are put through and about all the hazards an operator is exposed to at the hands of professional casino cheats, why on Earth would prospective casino operators voluntarily put themselves through all that? The answer is a simple one: Financial opportunity or, to put it simply: Money!

Despite the higher limit of pit games like Blackjack, Craps and Roulette, a **Deleted:** in place in ongoing revenue stream is represented by the banks of what were once termed “fruit machines” or “one-armed bandits” — the venerable slot machine. With a mere 250 such machines, in the five to twenty-five cent range, our Key Largo Casino was regarded as a small to mid-size operation. Yet in those days we generated over \$100 million per year flowing through those slots. This might sound like a lot, but you must bear in mind that in order to remain competitive anywhere from 95% to 97% of that cash was paid right back to the jackpot winners. The remaining three to five million was hardly net profit. Those funds were used to cover the costs of operation including equipment, payroll, free liquor, advertising, insurance, debt service, etc. After all the expenses were covered, our profit margins in the casino end were pretty much the same as on the hospitality side.

To get some idea of the scale of today’s large casino operations, take our numbers and multiply them by a factor of at least ten thousand. You’ll begin to approach the billions of dollars that are involved in a modern luxury casino facility. Even with razor thin profit margins, the revenue represented by that sort of volume is unmatched in any other industry and accounts for the willingness of prospective casino owners to undergo the risks and burdensome rites of passage I’ve outlined.

Was it worth it? Was the reward worth the ordeal? On balance, I’d have to admit that it was. In my case, I was buoyed by the knowledge that I really had nothing to hide. I knew that no matter how deeply the Gaming Commission dug into my background looking for dirt, they would consistently come up empty. Hence, my advice to anyone contem-

plating applying for a Nevada Gaming License is this: “Clean all the skeletons out of your closet, buckle up your seatbelt, grit your teeth, and go for it.” In the end, you’ll be very glad you did.

CHAPTER NINE

THE MAN IN THE WHITE ROLLS ROYCE

“Finance is the art of passing money from hand to hand until it finally disappears.”
— Robert W. Sarnoff

By 1995, I had fallen into a routine when it came to managing our sole Las Vegas property, the Quality Inn and Key Largo Casino, a few blocks from the famed Strip. As we did each week, Steve Bone, RJ and I conducted our regular inspection of the premises and then sat down in my office to review the property’s operational performance. While the hotel was not wildly successful, it did earn enough to cover expenses and provide us with a modest return on our investment. I felt that by continuing to operate the place we were building long-term equity and also providing some of our people, who worked out of Newport Beach, a perk opportunity to spend a little fun time in Las Vegas.

Just as we were discussing what the hotel might fetch were we to put it up for sale, I was informed that there was a Mr. X waiting to speak with me. “He pulled up in a big white Rolls,” my secretary quietly informed me when I failed to recognize my visitor’s name. I asked her to show him into the office.

Mr. X turned out to be a dashing, smooth-talking real estate developer who expressed a determined interest in purchasing the Quality Inn. When we got around to price, I was amazed that his offer exceeded the sum that Steve and I had just been tossing around. Although I really had no specific desire to sell, I simply could not pass up the price being proffered. Once I indicated my willingness to consider selling at the specified price, Mr. X explained that he did not have the cash or the financing available to make the purchase at this point. He wished to purchase an option that would keep the property off the market while he got busy rounding up investors. This method would put some money into my pocket immediately and avoid having to tie up the property by placing it into escrow.

I offered Mr. X a three-month option for \$300,000. The sum would be applied in full to the purchase price if he exercised the option before it expired. If he failed to do so and permitted the option to lapse, he would lose the deposit and that would end the deal with no recourse. At the end of the three month period, he could, if needed, purchase up to three more one month extensions for \$100,000 per month.

Mr. X managed to scrape together the initial \$300,000. We retained control of the hotel and were not required to share any of our revenue with him as he took off in search of investors and fresh capital.

After three months had gone by, Mr. X elected to extend the option's term and gave us \$100,000 on the first day of each month over the next 90 day period. By the end of six months, Mr. X had given us a deposit of \$600,000 in consideration of our agreement to keep the hotel off the market and to sell it to him at the agreed upon price. Mr. X did, from time to time, request that we provide him with documentation, on company letter-head, confirming the terms of our ongoing option agreement. I saw no problem and willingly obliged.

When Mr. X reported, after six months, that he still had not raised sufficient capital to complete the purchase, I agreed to extend the option terms for another six months, but that would be it. If he did not complete the sale after one year, he would be required to walk away with no entitlements and forfeit the \$1.2 million he had paid in. I was surprised when he agreed to this second six-month option. Mr. X explained that he was very close and believed that he would be successful in securing the funds to purchase the **Deleted:** at very short order.

Mr. X continued making the \$100,000 payments on the first of each month and as the one-year deadline approached, a strange thing happened. Mr. X simply disappeared. The option expired and he quietly walked away from his \$1.2 million deposit without saying a word. His phone line was disconnected and a visit to his Las Vegas office revealed that it had been recently vacated. Mr. X appeared to have faded into the sunset and I never heard from him again.

While the situation was undoubtedly curious, I certainly had no right to complain. Someone had pulled up in a white Rolls Royce one year before and handed me \$1.2 mil-

lion and all I had to do in exchange was to keep my hotel off the market. Not too tough a job since the hotel was never actually on the market in the first place. Yet, I could not help trying to understand what had compelled this fellow to act as he had done.

I finally figured that Mr. X had miscalculated, gotten himself into a bad deal and was willing to accept the consequences. I had undergone similar painful situations over the course of my career in the real estate business. I had, a few times, misjudged the market and wound up losing my deposit — but never on this scale. His puzzling actions continued to plague me, but it would be several months before I had the occasion to learn some of the truth behind the actions of mysterious Mr. X.

That truth arrived at the doorstep of my home in Newport early one morning as a few unexpected visitors rang my doorbell repeatedly. I opened the door and standing there were several agents from the FBI. Naturally I invited them in although I had no clue as to why they wished to speak with me. They entered and quickly explained that they were here as part of an investigation involving Mr. X. They needed to know if I had been in collusion with Mr. X as he bilked investors out of their savings. When I explained my relationship with him and told the story of what had happened, the FBI Agents brought me up to date on Mr. X's unsavory activities.

Evidently, he had been promising gullible investors a stake in a prospering hotel-casino involved in "Las Vegas gaming and night life." He had projected "big profits" to these so-called investors who were told they were acquiring a major interest in a thriving Las Vegas establishment. Not surprisingly, I learned, he had offered this same major interest to a large number of his victims.

Once Mr. X flew the coop, the investors banded together and managed to impanel a grand jury investigation to bring Mr. X to justice and retrieve the money he had fraudulently bilked them out of. As the investigation got underway, the FBI quickly concluded that I had played no part in defrauding the investors and that my hands were clean. I did learn that Mr. X had used the printed material he received from us to fabricate financial statements that greatly inflated the hotel's operational performance. He would use these fake reports, along with the papers we provided to him documenting the terms of the option agreement to convince investors that he was legitimate.

It became clear that Mr. X was willing to keep the option in place, even at rate of \$100,000 per month, in order to provide him with the legitimate cover he needed to conduct his scam. If a potential investor had decided to check out Mr. X's story during the one-year option period by contacting the hotel, we would have confirmed that Mr. X had paid us and held a legitimate option to purchase the property.

Evidently the \$1.2 million he paid us to keep the option in place was a small part of the money he pocketed through his swindling operation. Since it was determined that I had had no knowledge of Mr. X's background and was not involved in his efforts to milk money from naïve investors, I was cleared of all suspicion. I was not asked to return the funds Mr. X had paid me since I had earned the money legitimately and had acted in good faith.

It is my understanding that the Feds finally did catch up with Mr. X and that he served time in a Federal Penitentiary in connection with this particular scam. I have no idea where Mr. X — the slickest con man I've ever encountered — may be today, but somehow I believe he still may be driving that long white Rolls Royce as he plots how to snare his next investors by luring them into the glamorous world of “Las Vegas **Deleted:** next and night life.”

CONCLUSION

“For what is a man's life if it is not linked with the life of future generations by memories of the past?”

— *Marcus Tullius Cicero*

I'd like to wrap things up by expressing my thanks to each of you for taking the time to explore this book and letting me share some of the more memorable moments of my life with you in this way.

If you are member of our family, I hope that by reading these pages you have come away with a little deeper appreciation for those who have preceded us. If, in the coming years, you were to employ this book to educate your children and grandchildren about their family heritage, I would feel humbled and deeply honored.

To other readers, it is my hope that you found wandering through the “stories” of my personal history high-rise to be an enjoyable and, at times, an amusing journey. There is obviously much more that could have been written on the topics and about the personalities discussed in this book. But one of my over-riding goals was to make each chapter concise and to the point. I also tried to make each chapter stand on its own and not dependent upon your reading of any of the prior chapters. I hope you agree that I succeeded in achieving these objectives.

So whether you read the entire book, front to back in order, or if you skipped around from story to story, it is my devout hope that you came away with a somewhat clearer sense of who I am and how I've lived my life. The truth is that I too gained a greater understanding of who I am as a person through the act of writing this book. In order to provide the accounts you find on the preceding pages, I was required to come face-to-face with issues that had, over the comfort of the years, remained more or less buried. The writing experience was a cathartic and enlightening one and I would not have missed it for the world.

Do I recommend the writing of a book like this to others as a form of psychic therapy? The answer is yes, if you're ready. If you are prepared to confront the ghosts of loved ones and to relive past conquests and defeats and if you are not put off by the literary exposure of your private thoughts and memories, then, by all means, head straight to the word processor and get to work. You will not regret it, I promise you.

Perhaps the most profound revelation I encountered during the production of this book is this: I have led a very fortunate existence. While not without its share of challenges, when looking at the sum of my personal and professional experiences, I am struck by what a lucky and fun-filled life I've led. And the most fortunate aspect is this: While this is the Conclusion of my book, it is by no means the conclusion of my life's journey. I am blessed with good health, a wonderful wife, a loving family, and a thriving business enterprise. It's my desire to keep right on building a bright future atop the foundation described in these pages.

Whether it's bouncing off the walls of the Zero-G Force One aircraft or negotiating our next hotel deal at The Waterfront, I intend to keep adding more amazing stories to the ones in this collection. Keep on the alert for "WITHOUT RISK THERE IS NO REWARD" Volume II. It should be a doozy!

One disclaiming note: While I, and the team of people involved in the production of this book, worked diligently to assure the accuracy of its contents, the possibility of factual error, nevertheless exists. If you discover any such goofs or gaffes, I would urge you to contact me, or the publisher, and let us know. Every effort will be extended to correct any such errors in the next printing.

It is customary, when concluding books of this sort, for the author to indulge in some prognostication and apply the wisdom of his years towards projecting what the future may hold. Unfortunately, I don't own a crystal ball and I don't see myself as any sort of oracle or visionary. While certain current trends can be identified and then extrapolated, what the future actually holds is anybody's guess.

I have found it much more advisable, in my business dealings, to honestly focus on one key aspect and then attempt to honestly project which way things are heading. For example, I always made it a practice to study population patterns and demographics when

putting together a new residential project or hotel deal. Any time a person accepts the risk involved in such a deal, he or she is attempting to accurately predict the future. When we launched the first extended stay hotels in the Southwest, we were accurately predicting that a demand for this type of lodging was on the horizon. As I have said repeatedly in these pages, such risk-taking is essential to any and every type of business success. The key point to remember is that in order to accurately anticipate the future for financial gain, one must fully and deeply understand the present.

The demographic landscape of America is undergoing monumental change. As baby boomers reach retirement age in the coming two decades, the housing market will be dramatically altered. As our nation in short order achieves the distinction of possessing the largest foreign-born population percentage in the world, vast economic consequences will certainly arise. Those who today are able to accurately base their plans on these, and other major trends, will be in a position to take the risks necessary to achieve future success. There simply is no other way.

To sum it up, permit me to thank you for also accepting a risk. When you decided to invest your most precious commodity, your time, into the reading of this book, you, in effect, were taking a risk. It is my position that in order to acquire the reward, you are required to take the risk. I sincerely hope that you feel you have been rewarded in some small way for your investment and that you agree when I point out that without the risk, there really is no reward.

Bob Mayer
March, 2008

APPENDIX

(Insert Blue Earth articles about Mayer Bros.)

(Insert Mayer Family Tree Diagram)

(Insert poem about Mayer Bros.?)

(inside back dust jacket flap)

ABOUT THE AUTHOR

Bob Mayer is one of the nation's leading real estate developers and the Chairman of the Robert Mayer Corporation in Newport Beach, California. Bob was born in Madison, Wisconsin and relocated as a youngster to Huntington Park, California. After serving in the Army Air Force during World War II, Bob found work in the booming housing construction industry in Southern California. Starting as a day laborer for one dollar per hour, he eventually became the CEO of a major apartment builder in the Los Angeles area. Bob soon branched out and established his own construction business in the mid-fifties. By the 1970s, Mayer Construction was the leading builder of multifamily residential housing units in Southern California.

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Venturing into the hospitality business, Bob developed and eventually sold most of the Ambassador Inn hotel chain, one of the nation's first extended-stay facilities. Retaining the Las Vegas site, Bob's road ultimately led to his key role in managing the gaming operations of what was to become the La Mirage Hotel and Casino.

After founding the Robert Mayer Corporation, Bob has served as its guiding force to this day. The company oversaw the creation of Bob's dream development known as The Waterfront; an extraordinary fifty-acre condominium and hotel complex along Huntington Beach's famous Pacific coastline.

Today Bob works with his son, RJ Mayer, and his grandson, Bob Mayer III, as the company continues to seek out and develop prime commercial and residential real estate properties throughout the American Southwest.

Bob enjoys aviation and golf and spends much of his free time in the Palm Springs area. Today, Bob lives with his wife, Maya, in Newport Beach, California.