

Historical Review Las Vegas (Part 5)

(rs) About Howard Hughes there are some things to tell. As son to a rich oil-millionaire from Texas it already happened in the 40ies and 50ies that he permanently was attracted of Las Vegas, to enjoy the glamour and the action of this city.

Truly more like a casino-visitor and less as a gambler. With his fixed vision how Las Vegas one fine day will have 1 million inhabitants his interest began to invest in the hotel- and casino-industry. Some how he got the impression of a vision, that Las Vegas should get an airport, that would be able to connect the area of Los Angeles with Super-express-trains. Anyway, he believed in a great future of this town. The wealth that Howard Hughes inherited with the businesses of his fathers' enabled him to invest in the hotels industry. Due to a sensational invention, where it is about trade in specific bore-drill-heads for derricks, Howard Hughes' father became stony rich, and this fortune inherited Howard. In 1957 he married the actress Jean Peters in Tonopah, Nevada and but he moved to Las Vegas not until in 1966. His fortune meant to be one of greatest at all at that time history of the U.S.A. He hired an entire floor in the Desert Inn, namely the 9.th fully for himself. And this caused some discordant note among the management. Because of the 9.th floor was at a „Suite-Level“ and this has been reserved also still for some other High Rollers.

As the manager tried to persuade Howard Hughes to exempt some of the suites to leave them to other hotel guests, it was enough for him the egocentric millionaire and he bought himself simply the entire hotel. 13.2 millions was it worth to him, to take over the hotel from Cleveland Mobster Moe Dalitz. Nevertheless, so the possession of a casino requested also the property ownership of a gaming licence, and Howard Hughes did

not have any at all. With money alone everything does not always work, ...or does it?

Yes, also this problem did Howard Hughes solve with ease. Due to the assistance of Governor Paul Laxalt, he attained the prestigious licence to run a casino, which should enable him to make massive investments and to expand within the casino sector. Already in 1967 Hughes bought the Sands Hotel and Casino for 14.6 million Dollars, still in the same year he bought the Frontier. He took over the Castaways for 3 millions and the Silver Slipper for 5.3 million Dollars. His licence as a casino-operator he however got first in 1969, but already until this date he has invested about 65 million Dollars in different casinos. Within of only one year he had bought 4 hotels, with nearly 2.000 hotel room, what is equivalent with about 20 percent of the total hotels' capacity.

Gradually other people began to worry about the course of things. Even at the Gaming Commission the suspicion arouse, Howard Hughes could take on him with his massive buys a dominant role and could so threaten the free market. As a next project Howard Hughes had namely already the stardust in sight. After long time of going back and fro finally the Nevada Gaming Commission gave green light and furnished the licence of the Stardust Hotel to the multimillionaire. Selling-price: 30.5 million Dollars. Later there was one other hotel Howard Hughes acquired himself, same the Harold's Club in Reno. This was also a last greater investment, and simultaneously also the point in time, as the Gaming commission let come in force some alterations. Simply to buy with lots of money casinos, was from then not possible anymore. Since 1969 came a legislations article in force, which says that a casino owner independently has to have a licence. Certainly it was now possible that shareholders companies now could be founded and the shareholders don't have to possess a licence to run a gaming casino. Certainly the board of directors and the company must possess the licence. By this means it was now possible to found companies, and to

get hold of the appropriate capital. So should later companies as the Station Casinos and others arise, which are still very big in the casino-market of the United States today, especially of course in Nevada.

As Howard Hughes has been asked for his motivating reasons, why he has invested millions of Dollars in the casinos of Las Vegas, he should have said, how he believed in the future of this city and in a relatively unrestricted growth. Las Vegas should become a city, which could be planned from the ground and could be theoretically never ending widely enlarged provided that, the water resources would last. That, as you certainly know, may develop for Las



Vegas and its inhabitants within the next years to a fundamental question of being. Because of even if it seems to have there sufficient current and money in masses, so water is rather a rare good in the desert of Nevada.

With Howard Hughes and other grand investors slowly the age of a „modern Las Vegas“ has began. Higher, newer, more beautiful, larger! So the trend of the new hotels was calling. At the Strip was the keenest competition pressure. Into being came a booming city round about the Las Vegas Boulevard. A city, found of gamblers, for gambler. For casinos as for which completion were giant construction cranes needed, and where already only the neon-light-advertisements at the road verge often were and are higher than entire casinos in other countries. Lets assume that once: in order to get the letters exchanged on the neon-ads, the support of a company is needed, which has specialised in it. There comes a vehicle with a special pivoting crane and a worker has to get up to the display, where letters in human seize or even bigger must be replaced. If the marketing fits and the passing car drivers

would consider the ads tables there is a chance, that they stop and hob in the casino. Otherwise they so would drive further ahead and gamble somewhere else. The market gambles, only the best survive.

Within the last 10 years Las Vegas has seen a real super-boom. In the city now new resorts were set up, so called „theme casinos“. All the beginning hence made the Caesars palace, that was opened in 1969. We will report on that a bit more detailed later.

Resorts like the MGM Grand (2), The Mirage, Treasure Island, Excalibur, Mandalay Bay, Luxor, New York New York, Aladdin, Paris, all of them have taken some theme as a pattern. At the Paris Hotel, unmistakable the Eiffel-tower directly at the Strip, in a bit scaled down version, or in the Venetian, Canale Grande and gondolas, which the tourists ship around for 12 Dollars and the Gondoliere even still sings something in Italian. In future there will be new projects that will once again overbid anything existing and once again something hipper will be presented. Already today all Las Vegas fans are expecting the Summer 2005 opening of the Wynn Vegas Mega Resorts. Detailed information are still not available, but among others there should be shown a own Ferrari exhibition in the casino and attract the tourists. We will talk about Steve Wynn later also.

Only understandable is, that the permanently larger becoming casinos cost gradually also enormous sums of money until its completion. Mostly the casinos act nowadays after a similar concept. First of all a base version of the hotel is set up, e.g. casino floor, restaurant, hotel tower etc., for about 2.000 – 3.000 guests. After a few years of working time, after a hotel pays for itself or when it is recognisable that the casino is profitable, then it comes to expansion. When one looks at the photos, on how the most hotels once looked, as they were opening, and how they look today, then one will find

out remarkable changes. The Flamingo of that time is not comparable at all with the Flamingo of nowadays at the Strip. And also the Caesars palace, with its new hotel towers has got also a completely new outlook. For some hotels already a base financing makes first problems that are to be managed. The new Aladdin, which is at first opened for a few years, had from the beginning on difficulties to attain the Break-Even-Point and is already from a technical point of view bankrupt? But why is it so? Because of, it doesn't make any turnover? No! It makes turnover, and even very much of turnover. But the profits are not enough, in order to cover the costs. And so this society was within shortest time running out of breath. Liquid means are missing, in order to solve the question of debts. Expensive money had to be taken up in order to be able to operate further on, but the whole is as a bottomless pit. Let's get surprised, whether the manager of Planet Hollywood will be able to alter course around.

The financial influence by large and mighty financing societies was at first also possible after 1969. Up until this point in time it was not allowed to a casino, to obtain money from partners, who don't possess a Gaming licence. Shareholders had their selves to have a concession as a casino holder. But the bigger and hyper the casino became, in order to stay survivable against the competitors, the more money costs a casino until its completion. Not all operators had sufficient liquid means. So for any cases money had to be procured from other sides. So, that is also because the influence of the under-world-bosses of the East-Coast.



Pretty early there was the great demand for luxury hotels. This recognised, as we already know, Benjamin Siegel, who let the Flamingo be built in 1946, very soon. 1966 however the project should once again set a completely new standard. Jay

Sarno's project „Caesars Palace“, a 19 million Dollars hotel and casino, opened on 5.th August, 1966. the costs for the spectacular Openings festive alone exceeded the million Dollar-limit by far! On the visitors list were not less than 1.800 guests signed in. 2 tonnes of Filet Mignon had to be procured, 30.000 fresh eggs, over 50.000 champagne glasses and with that also the at all greatest, EVER made order of Russian caviar!

The original version of the Ceasars Palace comprised a 14-floors hotel-tower with 680 rooms and suites, a casino, which would go today as little, and a Circus Maximus with 800 seats for show occasions or sportive competitions. Furthermore there were of course still uncountable restaurants and hundreds of slot-machines standing, they were everywhere distributed about in the casino floor.

Caesars Palace was sold in 1969 to Clifford Perlman, for a fabulous sum of 60 million Dollars! Perlman followed a fully individual but still successful marketing-strategy. He began a campaign, to make his casino popular by lancing advertising spots in the television, in films or by organising own sportive Super-Events. Boxing matches with heavyweight worlds champion Muhammed Ali were fought for the title in the Caesars Palace. Such super fights are still today regularly performed in Las Vegas and thousands of fortune's knights are moving in the city ...and at the dice- and Black-Jack-tables.

In the next report you will learn more about Circus and the Casinos, which were built in the 80ies and Las Vegas became

always more exiting and interesting.

See also:

New reports: Gambling in Las Vegas

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Historical Review Las Vegas (Part 2)

Historical Review Las Vegas (Part 3)

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Walk through Las Vegas